FBIS DAILY REPORT

CONTENTS

Latin America

Vol VI No 129

6 July 1982

INTER-AMERICAN AFFAIRS

LAIA Adopts Measures To Help Argentina, Bolivia A 1
Foreign Ministers To Meet in Caracas 19 Jul A 1
Briefs: South Pacific Commission A 1

ARGENTINA

Nicolaides Addresses Army Personnel 3 Jul B 1
Foreign Minister Lanari on Current Issues B 5
Economy Minister Pastore Addresses Nation B 6
Dagnino Pastore Wants Agreement on Prices B 11
Adjustable, Mortgage Bonds Withdrawn From Market B 11
New Cabinet Members on Government Policies B 11
Interview With Beagle Conflict Diplomat B 13
Politicians Comment on Bignone's Address B 17
Army Reports on Casualties in Falklands B 18

BRAZIL

Strengthening of Two Border Areas Reported [VEJA 30 Jun] D 1
Details of AMX Fighter Plane Project Reported [O GLOBO 11 Jun] D 1
Finance Ministry Concerned Over Inflation Rate D 2

COLOMBIA

Court Officially Proclaims Betancur Winner F 1
Foreign Minister Deplores Guzman's Death F 1
Foreign Minister Lemos Defends TIAR, OAS F 1

MEXICO

De la Madrid Blames U.S.-Cuba Rift for Strains M 1
Voters Elect Miguel de la Madrid President M 1
Election Reported Calm [Havana] M 1
Victory Statement M 1
Electoral Commission Statement M 2
De la Madrid Program M 2
Threats to Candidate M 3
Pemex Statement Reiterates Refusal To Join OPEC M 3

PANAMA

Editorial Expresses 'Regret' Over Moss Departure [LA ESTRELLA DE PANAMA 4 Jul] N 1
Royo Sends Condolences to Dominican Republic N 1

CENTRAL AMERICA

CDC Member Foreign Ministers To Meet 6 July P 1

COSTA RICA

President Returns Early; Bomb Report Blamed P 1
Bomb Destroys Honduran Airline Main Office P 1

EL SALVADOR

Guerrillas Set Conditions for Castillo Release P 1
Terrorists Reportedly Training Honduran Rebels [EL DIARIO DE HOY 2 Jul] P 2
Garcia Wants Public Talks With Foreign Officials [EL DIARIO DE HOY 3 Jul] P 2
AFP Notes Secret Government-Guerrilla 'Contacts' P 3
Meeting Denied P 3
FMLN Calls for Dialogue on Honduran Actions [Radio Venceremos] P 3

GUATEMALA

Minister Rejects British 'Warning' on Belize P 5
Provisions of New Emergency Measures Amplified P 5
President Rios Montt Defends State of Siege P 6

HONDURAS

Terrorist Blasts Cause Power Failure in Capital P 7
Outage To Last 'Several Days' P 8
News Blackout on Salvador Intervention Charged P 8

NICARAGUA

Government Extends State of Siege Another Month P 8
Ministers D'Escoto, Cardenal Depart for Beirut P 9
BARRICADA Questions U.S. Aid to Businessmen [30 Jun] P 9
Cordova Charges U.S. Aiding Sandinist Foes P 10
Interior Minister Borge Interviewed in Managua [Budapest NEPSZAVA 26 Jun] P 11

CUBA

Castro Asks Nonaligned To Help Stop Beirut Attack Q 1
U.S. Behind Honduran 'Intervention' in Salvador Q 1
'Warmongering' Tests Alleged for Space Shuttle Q 1
Danger of Coup Looms Large in Dominican Republic Q 2
Comments on Need for Change, Unity in Argentina Q 3
Flavio Bravo Closes National Assembly Sessions Q 4

DOMINICAN REPUBLIC

Events, Reactions Following President Guzman Death R 1
New President Sworn In R 1
Leaders' Comments R 1
President-Elect Changes Plans R 1
Mourning Period Decreed R 2
Jorge Blanco Comments R 2
Further Statements R 2

SURINAME

Situation Back to Normal; Curfew Lifted U 1
Ministers Whip Up Support for Business Takeovers U 1
Loans To Be Obtained From Netherlands, Europe U 1

LAIA ADOPTS MEASURES TO HELP ARGENTINA, BOLIVIA

PY030127 Buenos Aires LATIN in Spanish 1803 GMT 2 Jul 82

[Excerpts] Montevideo, 2 Jul (LATIN-REUTER) -- The Latin American Integration Association (LAIA) today released a detailed report on the measures which were recently adopted to encourage Argentine exports to other countries of the region after the conflict over the Malvinas Islands.

A communique issued by LAIA's standing secretariat said that the 2-day meeting of the 11 LAIA member-countries held in Montevideo this week, has called on its members to sign bilateral or multilateral agreements with Buenos Aires to increase LAIA's trade with Argentina.

The meeting especially asked the member-countries to buy the surplus of Argentine exports in order to help Argentina overcome the effects of the trade sanctions imposed on it by the EEC and by other governments of the Western world, the communique said.

The EEC embargo was lifted after the British recovered the islands in the South Atlantic last month. However, Jorge Caminotti, the Argentine under secretary for foreign trade, said that the EEC embargo caused Argentina to lose $250 million.

The LAIA meeting asked the member countries to sign financing and transportation agreements to increase trade with Argentina, the communique stated. It also urged the member-countries to grant special tariffs for Argentina products and to remove other obstacles which will prevent a greater exchange. The communique added that Argentina will report on the results of the new measures to LAIA's committee of permanent representatives within 45 days.

Caminotti said that the Argentine delegation held separate meetings with representatives of various nations outside the LAIA meeting on ways to increase trade, and that the results were very satisfactory.

The LAIA meeting also approved resolutions on other subjects, such as the need to speed up negotiations on establishing a special system of tariffs among the member-countries, and to give special aid to Bolivia. The delegates stated that the LAIA member-countries should reduce tariff obstacles imposed on Bolivian exports to help that country increase its exports and find a solution to its present economic crisis.

FOREIGN MINISTERS TO MEET IN CARACAS 19 JUL

PA022242 Caracas Radio Continente Network in Spanish 2100 GMT 2 Jul 82

[Text] A meeting of Latin American foreign ministers will be held in Caracas 19-28 July. Hilarion Cardozo [Venezuelan ambassador to OAS] is interested in strengthening SELA in order to give more power to this organization, which could serve as a substitute for the OAS.

BRIEFS

SOUTH PACIFIC COMMISSION -- At a news conference yesterday, (Luis Arriaga Mosquera), secretary of the permanent South Pacific Commission, indicated that the commission is an intergovernmental organization with legal standing under international law which was established on 18 August 1952 by an agreement signed and ratified by the governments of Chile, Ecuador and Peru. The Colombian Government joined the organization by an agreement of incorporation signed in Quito on 9 August 1979. (Arriaga Mosquera) said that since the seat of the organization has been established in Quito since 1 February of this year, it will function here for the next 4 years. He explained that among the aims of the commission is to oversee the fulfillment of the requirements outlined in the declaration of Santiago and for the application of the rules of maritime policy of the four member countries. [Text] [Quito Voz de Los Andes in Spanish 1130 GMT 3 Jul 82 PA]

NICOLAIDES ADDRESSES ARMY PERSONNEL 3 JUL

FY032313 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2215 GMT 3 Jul 82

[Excerpts] Comodoro Rivadia, 3 Jul (NA) -- Army Commander in Chief Lt Gen Cristino Nicolaides today called upon his subordinates to "support with all their spiritual, intellectual and material strength, the actions of the national government aimed at institutionalizing the nation by March 1984 at the latest."

In his address to all army personnel from Sarmiento, Chubut Province, the commander in chief of the army also promised to "find out the historical truth" of the military conflict with Great Britain in order to "clearly establish each one's behavior, point out the acts of heroism and place the blame for mistakes and errors."

Herewith text of speech:

I have chosen this military garrison to begin my visits because many of the men stationed here were recently the leading actors in a cruel and heroic battle where they have duly proven their courage, just as the rest of the Argentine Army personnel that had the privilege of participating in the defense of our Malvinas Islands.

Thus, from this part of Patagonia I would like to convey to all men and women of the Argentine Army, my basic thoughts amid these special circumstances for the nation and the army.

I would like to begin by mentioning the recent developments at the highest level of national leadership.

As a result of a lack of agreement concerning one of the aspects inherent to the powers of the military junta, that is, the appointment of the president of the nation, the army took over responsibility for the political leadership of the state.

This means that the military junta is fully operational as part of the power structure established on 24 March 1976, as far as command of the armed forces, declaration of war, peace treaties, and border and neutrality accords are concerned, as well as in connection with national defense, domestic security, joint military strategy, laws related to the jurisdiction or responsibility of each one of the branches and the appointment of Supreme Court members and the national attorney general.

This is, undoubtedly, a change in the system that was in effect before, but it can in no way be seen as a loss of cohesion and unity of the armed forces, essential factors that we will continue to preserve since they are the irreplaceable partners of the nation's life.

Therefore, this institution through its commander in chief has assumed the necessary powers to fully exercise this responsibility. It has done so in the assurance that it will fulfill the commitment to the nation and in the conviction that it will be able to count on the support from the other two branches of the armed forces and on the responsible backing of the citizenry at large.

It has done so by pledging on its honor to give unrestricted support to the administration that took over on 1 July 1982.

It will carry out this priority task firmly, prudently and fairly, in order to assist in the attainment of the established objective within the deadline that has been set and as commander in chief I will demand from all the members of the armed forces the behavior and attitude in keeping with this decision.

This last stage of military presence in the leadership of the state must end in the course of the first months of 1984 with the definite institutionalization of the nation and therefore, it will have very special characteristics.

It must be orderly, so that the passage into democracy will be effected amid respect for laws, guarantees and wishes of the citizenry, in a framework of freedom, order and domestic social peace, eradicating the attitudes of those who may seek to attain their own objectives by violent or illegal means.

It will have to be shared so that the citizenry will be able to make itself heard, voice its concerns, contribute its ideas and increase its participation.

Throughout its history and especially during the conflict with Great Britain our nation has acquired vast experience on the attitude and behavior of the international community, experience which will allow us to act properly when voicing our claims to other countries or groups of countries.

I am convinced that Argentina must not cease to belong to the West. This statement is based on philosophic, historic and moral considerations. But belonging to the West must not be interpreted as subordination and dependency.

I will now speak about the subject which most arouses the concern and the interest of the citizenry. From any viewpoint one may care to analyze it, the Malvinas, Georgias and South Sandwich Islands are part of Argentina's territory and their reinstatement as such is an inalienable objective. An objective which has been upheld for 149 years by every Argentine generation, each of whom has employed the most appropriate of means available.

It happened to be up to our generation to stage a military action aimed at recovering the islands and this decision, reached by the armed forces, received the immediate and enthusiastic support of the people of the nation, support which continued throughout the conflict.

The Argentine Army fully accepts responsibility for what has happened in the course of the battle, as far as its specific sphere of action is concerned.

This means accepting the responsibility for the successes and the mistakes above and beyond the results of the battle because each and every man of this institution is to some degree responsible for what has happened in keeping with each one's hierarchy and beyond the role which each of us had to play during the confrontation.

The military action ended in a military defeat as a result of the disproportionate difference of power between the parties at war. However, we must in no way accept the possibility that a defeat in an armed conflict is a surrender of our interests. On the contrary, today more than ever, the recovery of the Malvinas Islands is a priority and inalienable objective of our foreign policy.

I am aware of the dissemination of distorted reports on the events that have taken place, casting doubts and suspicion on members of this institution by distorting truth through dishonorable means and trying to anticipate the enlightening action ordered by the CJE [expansion unknown] which is currently in full swing in keeping with the provisions of military laws and regulations in effect.

I am also aware of the status of this branch's units, whether they have fought on the islands or not, which has been affected both by the military defeat and by the widespread groundless criticisms.

I want to ask the members of the army to exercise understanding toward those who yield to the temptation of passing judgement on situations that they have not experienced, of assessing actions that they do not understand, and of repudiating attitudes of which they know nothing yet.

I would like to tell you that I have fully decided to conduct an in-depth quest for historic truth in order to clearly establish the behavior of each and every one, point out heroic actions, place the blame for mistakes and errors, and extract lessons capable of heightening our professional readiness.

I ask all of you to reflect on the progress made toward the attainment of our final objective: the recovery of the Malvinas, since today we can say that the overwhelming majority of the international community recognizes our rights over this archipelago.

I would like to emphasize that the commander in chief of the army has assumed an inalienable commitment to the families in mourning that today face the sorrow of irreparable losses. In order to fulfill this commitment I will make full use of my abilities so as to guarantee the support that the state must provide to justly repay the sacrifice and sorrow of those who have shed their blood defending the fatherland.

The patriotic battle to recover our Malvinas by military means, and the exalted visit of His Holiness Pope John Pall II are enormously significant landmarks which, as has been said, must provide the basis for the birth of a new nation. A new nation that must be built with realistic approach and imagination, with ideas of our own suitable to the true needs and interests of the nation and under a firm, realistic and authentic leadership.

Our country must be one where the full exercise of all rights and guarantees provided for by the national Constitution will be attained at the end of the stage which we have just launched.

At this point it is worth pointing out that we have made considerable progress toward this decision because the military defeat of the subversive enemy has paved the way for an easy march toward the full effectiveness of free and democratic institutions.

However, I must clearly state that we see freedom as the responsible exercise of an inalienable right which does not allow for personal or factional interests or desires to be placed above common good, the supreme goal of the government and the communist as a whole.

As a citizen and a general of the nation I am convinced that any mature society must respect the right to disagree as the basis for the relations between men and between people and government.

However, the very roots of a free and democratic community are endangered when this right opens the door for unjust and groundless aggressions, for false and offensive charges, for contempt toward institutions or persons that represent them or lead them, and for incitement to violence. Whenever this happens actions will be undertaken with the utmost energy permissible by law, because I am convinced that only thus will we achieve social peace and respect among the citizens, requirements indispensable for building the stable democracy which we Argentines desire so much.

However, I am also convinced that none of this will be possible unless our actions take place within an atmosphere where moral values apply in full.

High public moral and ethical standards are essential for the proper functioning of a state worthy of respect and consideration. I am sure that these standards can be attained through the personal example of those who hold high posts and the indiscriminate punishment of those who violate the established rules and regulations.

Therefore, we are committed to carry out every possible action aimed at curbing corruption, venality, and immorality in any form and we are fully aware of the difficulties which this task involves.

It is obvious that today we are facing a situation unprecedented in the recent history of the Argentine Army. You must all know that your commander in chief is fully aware of all this and that -- as I said before -- a number of measures have been implemented to overcome this situation as soon as possible.

The army's main problem is one of morale since the percentage of harm done to its military potential has been negligible. We are feeling the weight of the sorrow of being unable to offer to the nation -- together with the other branches of the armed forces -- a military victory. We are affected by the pressure of collective frustration for having postponed the joy of the nation which was already celebrating the recovery of our islands. We are oppressed by impotence, having been unable to launch against the enemy the entire potential and capability of our army.

We hurt for our dead, we share the suffering of our wounded and the anxiety of their relatives. To all of them goes the eternal homage of the army and the recognition of the entire fatherland.

However, when we reflect on what is happening to us we must bear in mind that modern warfare is not just a clash of wills, courage and intellectual readiness. There are also material and technological factors which cannot be offset by spiritual and professional values. Maybe we have been surprised by the disproportionate reaction of the enemy.

As professionals you know that surprise is one of the principles of leadership and that its use has, once again, decided the course of the battle.

What has happened on the Malvinas is just another battle within a conflict which has been going on for almost 150 years.

If San Martin after Cancha Rayada, and Belgrano after Vilcapugio and Ayohuma managed to turn military defeats in resounding victories for the arms of the fatherland, let us follow their example and now that the battle of Puerto Argentino is over, let us strengthen our spirit and our will to be prepared when the nation needs us to defend once again its supreme interests, so that the Argentine people will continue to be proud and to feel part of their army.

We must take advantage of the experience acquired and the lessons learned to lay the foundation of a new army. An army capable of successfully coping with future conflicts and ready to fully carry out its mission in a world revolutionized by growing technological sophistication.

We must be realistic but imaginative and show great creative abilities and a solid base of technical and professional knowledge. Our reorganization must encompass all aspects of the army's life. We must draw up a new doctrine, a new organization, we must come up with new equipment, change current operational and logistic approaches, set up new personnel and deployment and training policies for cadres and troops. All of this must obviously be done in keeping with the nation's true possibilities.

This will demand a great effort but we will deal with it as with a basic requirement and rise to the importance of our mission.

As commander in chief of the army I will give special emphasis to the structural modernization of the branch, involving in this task its most capable members, as a guarantee that this difficult objective will be fulfilled.

Gentlemen, the branch is facing a triple challenge:

1. To heal the wounds inflicted by the war.

2. To reassemble the army, our army, in order to fulfill requirements and to better prepare it for its specific mission, taking utmost advantage of the experience acquired and the lessons taught by the conflict.

3. To support to the best of its spiritual, intellectual and material abilities the actions which will be carried out by the national government in its quest for the nation's institutionalization, beyond [as received] March 1984.

The cohesion of the branch -- a word that we have heard so many times -- is and will continue to be its main pillar, it has special meaning in the current circumstances so it is each and every one's inalienable duty to help strengthen it.

This is not just a wish, it is simply a feeling that comes from the very depth of my heart and illustrates, undoubtedly, the way the entire branch and assuredly most Argentines feel.

FOREIGN MINISTER LANARI ON CURRENT ISSUES

FY052339 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2230 GMT 5 Jul 82

[Text] Buenos Aires, 5 Jul (NA) -- Foreign Minister Juan Ramon Aguirre Lanari stated today that "there is in fact a cease-fire on the part of Argentina in the South Atlantic." He expressed the desire that London return the military personnel that are "being wrongfully held."

"Truly, Great Britain has the responsibility for the development of future events," the foreign minister stressed in statements he made this afternoon during a press conference.

His dialogue with the press took place after he had sworn in the under secretary for international economic relations, Felix Pena, and the technical and administrative coordination under secretary, Hugo Boatti Ossorio.

"Due to its tradition and culture, Argentina is and will be," he said, "a western country, but it is also a sovereign country, with a vocation for being independent and it is a jealous custodian of its own capability for self-determination and it respects the self-determination of others."

Aguirre Lanari highlighted the fact that "for the time being I see absolutely no possibility" of an eventual renewal of relations with Great Britain.

"A solution to the southern dispute is another of the great problems that the republic is facing," he stated when speaking about other topics. "We must reiterate our confidence in the august mediation of the holy father in achieving a just and permanent solution that will safeguard the interest that are involved."

He also referred to the confrontation with Great Britain. He said that Argentina had to "take on the war" in the Malvinas "to defend its dignity in the face of a merciless attack and it did so as a last resort in view of the usurper's indifference and its flat refusal to negotiate."

Moreover, he highlighted his objective of "making every effort to strengthen all the mechanisms for cooperation and integration with sister countries, an area in which the prospects are promising."

On swearing in the previously mentioned officials, Aguirre Lanari also highlighted the support received by Argentina from the rest of Latin America and from the nonaligned states "since we are a part of their movements."

Regarding the panorama within the hemisphere, he recalled that with an estimated 600 million inhabitants by the year 2000 and with an estimated foreign trade amounting to $200 billion, "of which only 10 percent is carried out within the region, our Latin America today has paths that have not been properly explored."

The foreign minister also explained that for the time being Ambassador Enrique Ros will be interim under secretary for foreign affairs as the ambassador to Spain, Enrique Lupis, has been named to that post.

Aguirre Lanari highlighted the work carried out by his predecessor, Nicanor Costa Mendez. He then referred to his own task as head of the Foreign Ministry. "I begin my tenure," he said, "in difficult days in which the effects of the bloody military action that has just taken place on the soil of our Malvinas, on which the republic has fought against the colonialist avidness of Great Britain, can still be felt.

"Our country, in a reaction that was characterized by much patriotism," he stressed, "adopted a firm position, in accordance with the national interest, and it had to take on the war to defend its dignity in the face of the merciless attack. Our country did so as a last resort in view of the usurper's difference and flat refusal to negotiate.

"Let no one speculate on a position of backing down, which is harmful to national honor," Aguirre Lanari also warned.

He also stressed that Argentina has a pacifist tradition and he cited a remark made by former President Julio Argentino Roca [1880-1886 and 1898-1904] who defined that national characteristic as a "jealous and vigilant" attitude "regarding our sovereignty, our political freedom and our faith in democracy."

After swearing in Under Secretary Pena and Boatti Osorio, Aguirre Lanari gave a press conference.

"There is in fact," he stressed, "a cease-fire on the part of Argentina in the South Atlantic, but this does not mean that we have given up the defense of our sovereign rights."

In his conversation with the journalists, the foreign minister refused to answer questions that were put to him in English by foreign journalists, because, he said, "an Argentine foreign minister only speaks Spanish."

In answer to a question he said that "it it already known that the EEC has lifted some sanctions although we have submitted a note expressing some reservations."

He added: "We would like those relations reestablished."

In answer to another question, Aguirre Lanari emphasized that "the Argentine Government wants Great Britain to cease the improper retention of the hostages (detained Argentine military men) because in reality Great Britain is responsible for the future development of events."

Regarding the eventual reorganization of the OAS, he said that "a few days ago the Venezuelan Government announced that the time has arrived to study this system." He added: "We are going to consider this initiative."

Regarding other matters, the foreign minister stated, "I am going to use my personal contacts with representatives of the political parties with the objective of reaching consensus for Argentine international action."

In conclusion, he indicated that the process for the institutionalization of the country is going to have favorable repercussions on his actions because "I have accepted the position of foreign minister not forgetting that I am a man of proven democratic beliefs."

ECONOMY MINISTER PASTORE ADDRESSES NATION

FY0460148 Buenos Aires Domestic Service in Spanish 0000 GMT 6 Jul 82

[Speech to the nation by Economy Minister Jose Maria Dagnino Pastore in Buenos Aires -- live or recorded]

[Text] The government has entrusted me with the economic leadership of the nation. I am deeply honored to be able to serve the Argentine nation in this manner, a nation which was, until a few days ago, defended by our youngsters who, without asking for anything, gave everything.

And what is the message repeated to us so often by the heroes who came back from the south? The request for unity among the Argentine people. And what do we remember from our historical past? The teachings that we Argentines should unite. With this unity as an objective, I am going to give my every effort from the position that I hold. The path chosen to achieve this unity is the institutionalization of the country, by March 1984 at the latest. Based on this commitment I assume this task.

My first task is to give a brief inventory of the current economic situation without any intention of assessing the past.

1. The Argentine gross domestic product, GDP, has grown 2 percent since 1974. We have to go back to the decade of the 60's to find levels of industrial production as low as the current ones. The number of industrial workers has decreased by 23 percent since 1970. The utilization of the industrial installation capacity is estimated in 63 percent. The consumption per inhabitant has decreased 8 percent in the last 3 years. The unemployment rate exceeds 6 percent for the first time in more than 5 years.

2. The enterprises, particularly the national enterprises which produce goods and which have survived in anxiety the period after the financial crisis of April 1980, continue in distress. In 1981, the number and size of the receivership proceedings [tamano de los concursos] and bankruptcy [quiebras] of enterprises was six times greater than in 1977. This problem was specially serious due to the chaotic situation of the economy in some regional areas.

The causes of this situation have been several: the stagnation of the economy; the foreign competition due to the unilateral and excessive opening of our markets; the delay in readjusting the exchange rate; and the very high interest rates which were for long periods of time greater than enterprises profits.

The consequences of this situation have been the disappearance of many Argentine enterprises and a deterioration of the others to the point that their survival depends on state aid. This also caused the fall of private investment and the obsolescence of production equipment.

3. The foreign debt which in 1975 did not reach $8 billion has now surpassed $35 billion. It is time to say without hypocrisy how the funds from this increased foreign debt were used.

Unfortunately, the main part of these funds went out of the country, either by investments abroad or trips and expenditures by Argentine tourists abroad or by the artificial invasion of imports which replaced national production from 1979 until March 1981. Therefore, this large indebtedness did not create production to facilitate its repayment. This year we must pay abroad, as interest for this debt, $4.5 billion; this means that for every dollar we export, more than $.40 is used to pay interest.

Both the large number of enterprises that have stopped paying their debts and the functioning of the financial system that was implemented in 1977 have caused the closing down of 118 financial enterprises. This has caused the Central Bank to take a large loss. It has also caused a significant increase in the issuing of money.

Today the portfolios of the financial enterprises in liquidation that have been taken over by the Central Bank amount to double the total portfolio of the bank of the nation.

4. Public expenditures have not been reduced and in 1981 they exceeded the GDP by 40 percent. The financing of the public deficit has caused the state to shoulder a very high debt, including its organizations and enterprises, both in the country and abroad.

In order to service this debt, the state increases its expenditure; it resorts to more loans and it increases the interest rates that enterprises and the individual have to pay.

Finally, during the past few months the inflation rate has grown very quickly. Wholesale prices, for example, increased from 4.6 percent in March to 9.2 percent in May and to 15 percent in June. But these figures include inflationary factors that have been depressed, such as salaries and fares, which have not been readjusted since December as well as a certain delay in readjusting the exchange rate. All of this without mentioning the prospects regarding the issuance of money by the Central Bank.

This brief summary, which because it is brief does not describe in detail the seriousness and complexity of the situation, is aimed at your learning the true situation in which the economic sector finds itself and thus from this point undertaking realistic solutions.

The problems are the country's problems; they are not of one or another government. Solutions will not come from persons with a divine foresight or from miracles. They will only be obtained according to the faith, effort and unity with which we Argentines, ourselves, face them. It is on these basic convictions that I base the overall objectives of my tenure. They are:

1. To resolve the critical situation that I have just explained.

2. To prepare the conditions that will facilitate the economic success of the next government.

3. To work hard, together with the community, to build the firm pillars of Argentina's future, on the basis of an overriding consensus and on the basis of respect for disagreement; by listening to the aspirations of justice and social welfare and of national sovereignty because the economy is at their service.

I will now briefly outline the guidelines of the action directed at resolving the crisis. The diagnosis is clear. The country's situation is very serious. Argentina's economy is in a state of destruction that has no precedent, that can really be termed a national emergency. The decision is also equally clear: one must act urgently. This decision is dictated not only by the need to reactivate production and create jobs; it is also dictated, with the same or a greater vehemence, by the imperative need to build, once the initial readjustment is over, the bases for controlling inflation. Furthermore, it is dictated by the unavoidable fact that the financial system must be reorganized so that it will carry out its function within the economic process.

In order not to be too extensive, I will only explain five of the main items that make up the program for confronting the crisis.

1. The reactivation of the economy.

The first stage of reactivating the economy, which is directed at eliminating unemployment and at increasing the production, is the following: In order to maintain increased production, the country needs foreign exchange to import raw materials, capital goods and equipment. This foreign exchange will be obtained by increasing exports and importing only what is necessary as well as by improving the foreign debt situation.

Therefore, all kinds of exports -- primarily, manufacturing, agricultural and industrial -- are stimulated by increasing the commercial dollar; the term for clearing foreign currency [liquidacion de divisas] will be maintained and strictly controlled and appraisals will be made to prevent the writing of invoices for less value of the products sold abroad.

In order to come out of this crisis, Argentina needs to export. Therefore, there is no doubt that the conditions for exports will persist in the future. A drive for exports is also going to be carried out. In accordance with this program, especially the large national enterprise and particularly the international enterprises are going to be called; they will have the responsibility of making a great effort aimed at increasing the exports of already existing manufactured products as well as starting the production and export of new products in an effort to fully utilize the resources existing in the country.

The control of imports and the minimum payment term will be maintained and the Central Bank will use the fixed price indexes to control the writing of invoices for less value. The effect of this package of measures of internal prices will be cushioned for several reasons: the increase of withholdings and the reduction of rebates on exports and by the early reaction to markets.

I will discuss the subject of foreign debt later.

Reactivation of production not only occurs when exports are strongly encouraged; other elements are also involved. Financial reforms relieve the liabilities of enterprises and private individuals and reduce interest rates.

On one hand, this means that a portion of the funds produced by the enterprises can be used to rebuild inventory and to invest instead of paying the debt. On the other hand, the demand for physical goods -- currently undervalued -- is going to increase; therefore, production will be reactivated and the asset of enterprises and private individuals will be revalued.

In order for the effects of the greater demand for goods to have a greater influence on production rather than on price increases and to fully activate the national productive apparatus, the Commerce Secretariat has invited enterprises to participate in agreement on prices to be implemented in the next few days. This is aimed at seeking the private sector's contribution to controlling price increases, thereby ensuring the success of the measures taken in other areas. These price agreements are a necessary requirement if the enterprises are to have access to the preferential reduction of interests foreseen in the monetary reform.

In conclusion, the salary increase for state employees is also going to increase the buying power of the population.

2. Healthy measures for business.

Regarding the distressing situation of business, particularly the national businesses which produce goods, the solution is planned in the following manner:

The profits of firms will improve not because reactivation is going to increase their sales but also because of the considerable decrease of their financial costs as a result of the reduction of interest rates.

The capital situation will improve for two reasons: the revaluation of assets -- already explained -- and the reduction of liabilities. This relief of liabilities, already produced in part by measures adopted in 1981, is completed with the preferential reductions of interests established in the financial reforms for the firms which take part in the agreement on prices.

The cost of this relief -- because it is only a part of the financial reform -- is considerably less than what might be predicted; its monetary effect is going to be distributed as time goes on and it is included in the monetary program.

Measures are also being taken to reduce the cost of liabilities in foreign currency with no exchange insurance for the enterprises promoting it.

These measures complete the efforts of the community to prevent the massive fall of the sector and to rehabilitate Argentine enterprises.

3. Foreign Debt.

Our country is going to function normally in the international financial market, strictly fulfilling its contracted obligations. Therefore, new contract loans will be signed, particularly medium term loans aimed at improving the outlook of the foreign debt. I should emphasize that there is no desire to continue increasing the foreign debt in real terms. In order to accomplish this, it is essential to maintain a surplus commercial balance or make the balance of payments as equal as possible. The measures already applied to exports and imports will give this result.

The improvement of the outlook of the foreign debt and the acceleration of the financial operations abroad are going to make possible the financing of new investment projects and programs contributing in this manner to the economic reactivation the country needs.

4. Financial reform.

In our initial review we have noted the explosive situation that has been provoked by the current financial system and there is no doubt that it has to be modified. The alternatives were to do it gradually or to undertake basic reforms. We have opted for the latter.

The policy consists in subjecting the current system to very strict control, including interest rates and the expansion of credit. This system will be slowly reduced with time.

At the same time a free system will be developed. It will be set on solid bases and it will become the sole system when the controlled system is phased out. It is believed that by March 1984 the free system will be larger than the controlled one.

The design of the two systems and their related aspects that are being announced today will be explained fully by the Central Bank. Nevertheless, the main principal consequences of the new system are as follows. The reduction of interest rates on existing loans and liabilities. Preferential reduction of the interest rates on existing loans for those enterprises that participate in the agreement on prices. Preferential deduction of interest rates on existing loans obtained under Circular No. 1.050 [of the Central Bank] for those persons who fulfill certain requirements. A 100-percent guarantee on money deposits of 7 days or more withing the controlled system. The authorization of new instuments for attracting and loaning funds, directed toward extending the contract times of financial operations outside of the controlled system and with a free interest rate. The opening of a financial exchange market.

This reform, together with the measures for defending the businessmen, will allow the current financial system which is very weak to be the cleaned up and consolidated.

The system that has been adopted will allow the issue of money to be controlled in accordance with the most strict recommendations within this sector.

5. Control of inflation.

On reducing the interest rates that the state, its organizations and enterprises pay for their very large debts, the financial reform will provoke a very strong decrease in the state's needs for funds thus greatly compensating the estimated issue of money and permitting the pace of the injection of money into the system to be controlled. It was probably this factor more than any other that made us decide to undertake basic reforms: control the issue of money.

The previously mentioned agreement on prices must be added to this factor. The control of inflation must necessarily be accomplished with a very strict discipline in the fiscal area. Regarding expenditures limitations have already been ordered. Regarding income, the extraordinary tax on financial assets is being retained and the general tax directorate will begin its control of this tax tomorrow. The fares and rate schedules of the public transport system and of public services will be gradually readjusted. Finally, reduced retentions and rebates on exports will contribute additional funds to the treasury.

As the president has said, firmness and energy will not be lacking in adopting fiscal and other measures that are necessary for controlling inflation.

I have reviewed the existing situation and how to confront it. I have not wanted to transmit pessimism for the former now that there is a triumphant attitude regarding the latter. It is men who create the problems and it is men who have to solve them. I have confidence that we will be able to do so. I ask all Argentines of good will to help with this task and not detract from it.

He who reads these lines without prejudice will discover that the concern for the individual, the ultimate goal of the economic sector, is reflected in the first steps of this effort. But the path does not end here. It is just beginning and this path will be made as we go on, not alone now but in the preparation for the success of the institutionalization toward which we are advancing.

DAGNINO PASTORE WANTS AGREEMENT ON PRICES

PY052136 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2107 GMT 5 Jul 82

[Text] Buenos Aires, 5 Jul (NA) -- Economy Minister Jose Maria Dagnino Pastore will invite the representatives of the country's most important enterprises to reach an agreement on prices.

Economy Ministry sources reported this afternoon that the invitations to business executives will reportedly be made through the Commerce secretariat tomorrow.

The price agreement is going to be included in the measures aimed at refinancing the liabilities of enterprises. The price agreement will be aimed at stopping the inflationary process in exchange for government aid to businesses to refinance their burdensome liabilities.

ADJUSTABLE, MORTGAGE BONDS WITHDRAWN FROM MARKET

PY060303 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0128 GMT 6 Jul 82

[Text] Buenos Aires, 5 Jul (NA) -- This evening the Economy Ministry decided to withdraw all series of national adjustable bonds and of the Argentine mortgage bonds from all of the country's stock exchange markets. This measure, which will be implemented until further notice, was instituted by Minister Jose Dagnino Pastore through Resolution No 7 issued this evening.

NEW CABINET MEMBERS ON GOVERNMENT POLICIES

PY030451 Buenos Aires TELAM in Spanish 1628 GMT 2 Jul 82

[Excerpt] Buenos Aires, 2 Jul (TELAM) -- The members of the cabinet who will accompany President Reynaldo Benito Bignone in his administration issued statements today at noon at Government House shortly after they assumed their duties during a ceremony held in the White Room of Government House.

Economy Minister Jose Maria Dagnino Pastore noted:

The only announcement I would like to make concerns those who will work with me.

He said that Victor Santirso will be agriculture and livestock secretary, Luis Gottheil will be industry and mining secretary, Alberto Fraguio will be trade and international economic relations secretary, Adolfo Sturzenegger will be economy under secretary, Domingo Cavallo will be Central Bank president, Rodolfo Clutterbuck will be Central Bank first vice president and Amalio (Petreil) will be Central Bank director. These officials will be sworn in during a ceremony to be held this afternoon at 1730.

Asked whether he plans to deliver an address, Dagnino Pastore said he would deliver an address at the proper time to explain the measure that will be implemented.

Answering a journalist about the time that the political parties' statute will be disclosed, newly appointed Interior Minister Llamil Reston said: Look I have just taken charge of the ministry. I do not even know what my office looks like. First I have to know what the present situation is and then we will see what happens.

Asked about his aides, Llamil Reston said: I have not yet made any decisions.

Answering journalists, the newly appointed Labor Minister Hector Villaveiran said: We will first have to study the issues in question and try to seek solutions that are not only in keeping with the objectives of the Labor Ministry but with those of other ministries as well.

Regarding salaries, the minister said that this issue will be treated in coordination with other ministries that have jurisdiction over the issue, particularly because we first have to view the salary issue within the complex socioeconomic situation that the country is experiencing. Therefore, it would only be logical to deal with the salaries issue this way.

Asked about the unions the government has intervened in, Villaveiran said the president made the commitment in last night's address to the nation that union activity will be normalized since this is part of the national institutionalization program.

Asked about the existence of two labor centrals, Villaveiran said: Today I will hold a meeting with all those who have the duty of assuming their responsibilities in view of the present problems that our country is experiencing.

He added: I believe that all obstacles are the result of the specific circumstances that the different sectors that make up Argentine society are experiencing. All of us have made the commitment to confront our nation's problems and I believe that this must be done not only through an open dialogue but also by showing our will to seek solutions. Therefore, this will only be achieved through the participation of all those who have the obligation to participate.

In conclusion the minister said that the unity of the labor movement is a goal that is aspired to by the labor movement itself and that the Labor Ministry will try to establish the juridical and legal bases that will lead to this objective.

Foreign Minister Juan Ramon Aguirre Lanari said there would not be much innovation in his ministry since foreign policy had been mapped out by the president in his inaugural speech.

In that regard he indicated that the speech interpreted the country's best interests as well as those of public opinion.

The foreign minister then said that in his first contact with journalists he wanted to send greetings to the country by recalling the brilliant performance -- and many of you can attest to that -- of my predecessor, adding that he would maintain the line of dignity and firmness which the republic must maintain, seeking what is best for the country. At the same time, he said, I wish to request the cooperation from all the political parties and the military.

Aguirre Lanari said that this is a moment of national unity and noted that, in his view, the battle for the Malvinas has not been lost, but on the contrary, the whole world now knows that the Malvinas exist, that Argentina has rights over them and that we will continue struggling to assert those rights with our best efforts, counting on the support and participation of all of the people.

Defense Minister Julio Martinez Vivot noted that General Bignone's speech set forth a real program behind which all Argentines must rally with their efforts and sacrifices. I want to say that I will just be another individual participating in those efforts to attain the final objective of this program.

Regarding the unity of the armed forces, Minister Vivot recalled expressions of President Bignone who, in his address to the nation, said that the armed forces are united. The small discrepancies existing are due only to circumstances, but the armed forces are united.

Minister Vivot announced that he had confirmed Jorge Monzo as under secretary to the defense minister, a post he had held under Minister Amadeo Frugoli.

Asked whether the conflict with Great Britain could be considered ended, Vivot replied that officials at other levels should be asked this kind of question not the defense minister. However we have not yet held any cabinet meeting and the president should have his say.

INTERVIEW WITH BEAGLE CONFLICT DIPLOMAT

FY032136 Buenos Aires Argentina Televisora Color Network in Spanish 0100 GMT 2 Jul 82

[Interview with Carlos Ortiz de Rozas, head of Argentine delegation dealing with Beagle conflict, on the "Tiempo Nuevo" program conducted by Bernardo Neustadt and Mariano Grondona]

[Excerpts] [Neustadt] Well, anyhow, in a press conference held yesterday, Reagan insisted that there is a loser and a winner and that he is not going to lift the economic sanctions against Argentina. An ally, a partner in this lost battle says this.

But returning to the issue of images, a man who has lived and has had to function as Argentine envoy to the United States, London and now to Rome as head of the Argentine delegation to the Beagle conflict [mediation], must help us understand the following: Are they drawing an image for us, or do we have a bad image abroad? I feel, for example, that we have aggravated the lost battle of the Malvinas by some anxious domestic behavior or by the sudden withdrawal of the armed forces branches from the political leadership of the process. And if this is seen in Europe...perhaps it will not aggravate our image, but we cannot deny that this situation exists. What can we do, then, to improve our image?

[Ortiz de Rozas] By achieving national unity, first of all. I think this is the fundamental element. National unity does not mean that we all think the same way, that we all act the same way, because otherwise there would be no political pluralism, and there would be no differences of opinions, which also contribute to make a country strong, especially a republic. But a national unity centered around great objectives, like the national objective which the Malvinas are. It was approved by the people at the Plaza de Mayo. The Malvinas are something which will become indelibly engraved in the Argentine people.

And it is this force focused on this objective which will make things very complicated and very difficult for the British in the future. We must take into account that this conflict has not ended. We have had a military setback, but the situation has not ended.

[Grondona] Wait, wait, I think we have to go deeper into this subject. You have said, Mr Ambassador, that because Great Britain has failed in its intention to achieve support for its pretensions of sovereignty over the Malvinas these islands will be ours again, not only by right but in fact. Isn't that so, Mr Ambassador? So, I want to ask you two questions. The first: Are we in a better or worse position than the position we were in before 1 April, in relation to our attempt to gain the Malvinas?

[Neudstadt] What a beautiful question, Mariano. A very good question.

[Grondona] Thank you.

[Ortiz de Rozas] Very well, we are in a much better position. But I want to give you a conditioned answer. We are in a much better position, in several aspects. First, in the decision and determination of a people to recover something which belongs to them. For several years in my diplomatic career I have seen a sort of curiosity in my interlocutors. They did not know very well what it was all about. Nowadays, no one in the world has the slightest doubt what the Malvinas Islands are and how willing the Argentines are to recover them. So, this subject now demands more serious treatment.

[Neustadt] ...And it has raised from a level, let us say, number 7, when nobody even considered them, to the first level of attention.

[Ortiz de Rozas] It has turned from nothing to everything. In Great Britain -- and this is not a hastily made statement -- 99 percent of the people, 99.9 percent of the people did not even have the slightest idea where the islands were located. Now they know, and they know also that the future for the island is very complicated. For this reason, I also tend to think that despite the arrogance of the prime minister, they will have no other remedy -- and I do not know how long will it take -- than to search for a solution with Argentina.

[Grondona] My second question: If we are in a better position, and I agree with that -- but although we are objectively in a better position, we are psychologically in a worse position -- but anyhow, how can we exploit this new opportunity which has just opened? Now the world has learned what the Malvinas really are, and knows that Argentina is willing to dare and will dare to do everything again; therefore, something must be done in this regard. Very well, how can Argentina take advantage of this situation in the future, and victoriously conclude this long battle for the Malvinas?

[Ortiz de Rozas] The first manner of exploiting these factors in our favor is to become aware that we have seen a situation which many Argentines have not seen yet. They have seen foreign policy in black and white, as good or bad. And now suddenly they see a number of factors or intermediate colors we have not seen before. Most of us Argentines took great pride in thinking that we were an extension of Europe, but the fact is that Europe was not as good as we thought it was, or at least it did not meet our expectations. And now many Argentines are awakening and learning that we are located in Latin America and that Latin America has given us solidarity, that it has given us support and encouragement which have been so useful for us.

[Neustadt] May I interrupt you?

[Ortiz de Rozas] Of course.

[Neustadt] I have heard you talk about this, now on this program and on others: To what extent is this sincere and how much of it is just typical rhetoric? Everything seems to be fashion...

[Ortiz de Rozas] At home or abroad?

[Neustadt] No, in Latin America.

[Ortiz de Rosas] Ah, well, you mean in the behavior of the Latin American countries?

[Neustadt] In our position toward them.

[Ortiz de Rozas] I was saying that this is a question of maturity. If we perceive this, and here I want to arrive at the answer, if we realize this and take them as real and positive factors, then we must begin action aimed at decisively hitting the enemy in all its weak points. And the stage for these strikes will be the international forums. The next battle over the Malvinas will be fought there. The next and others, because there will be several until final success is achieved. The next battle will be fought in the international organizations: at the UN General Assembly, in the UN Security Council, in the international organizations in Geneva, in the international conferences. The Argentine delegation will have to act in such a way that when any subject is discussed, Argentina will have to present the issue of the Malvinas, to accuse the British of acts of aggression, because after all, they attacked us; to accuse them of being colonialists, because this is something that makes them very nervous. The accusations of being colonialists make them very angry. The truth about the alleged defense of the rights of the inhabitants ... When has the United Kingdom been interested in the defense of the principle of self-determination? If it were interested, in the first place, there would have been no problem over the Malvinas, because if in 1832 it had consulted the wishes of the inhabitants, the Argentines would have expressed their wish.

[Neustadt] Let us have hope about our mediation point. Let us imagine that we are going to behave well, that we Argentines are going to stick to our goal and that we are not going to destroy ourselves, but that we are going to seek the Malvinas, hitting all flanks, in all necessary forums. How do you see the next stage of the Malvinas operations?

[Ortiz de Rozas] Despite the skepticism of some Argentines, I see it in the international organizations, and I believe that this is worrying the British very much. Another thing that is worrying the British, and for this reason they are insisting on this point — when one has to make a political decision one must first learn the way of thinking of the enemy -- the other thing that is worrying the British is this: Great Britain wants guarantees to be given that hostilities have ended. And why is this so?

[Neustadt] That is right. Should we or should we not give these guarantees?

[Ortiz de Rozas] If we give them guarantees that the hostilities have ended, then they will only keep a sailboat around the islands. If we do not give them these guarantees, they will need at least 10 surface ships and two nuclear submarines, according to estimates by British experts, plus a supply line and a garrison estimated at approximately 4,000 or 5,000 men. These men will distort every aspect of the daily lives of the Malvinas Islanders.

[Neustadt] But considering our international point of view, are we interested in keeping the British presence at a high or a low cost?

[Ortiz de Rozas] I think it will have a very high cost, because the British taxpayers will have to contribute billions of pounds...

[Neustadt -- interrupting] This will be our document in...

[Ortiz de Rozas -- interrupting] Precisely, it will cause the Parliament to protest...

[Neustadt] Of course. Ambassador, how long did you live in the United States?

[Ortiz de Rozas] Approximately 15 years.

[Neustadt] And tell me one thing. Should we turn our backs forever on the United States and Europe?

[Ortiz de Rozas] By no means, we should never turn our backs forever, because the United States is an objective reality of the international situation, and we cannot just erase it from the map.

[Neustadt] What can we do to rebuild our relations?

[Ortiz de Rozas] To rebuild these relations? Well, I have my points of view, but I think we must seriously explain to the United States the responsibility it has assumed on adopting its position. They must have weighed their position and assumed their own responsibility, but we must show them the meaning of that position in relation to Argentina and in relation to Latin America...

[Neustadt] In this regard, can Haig's resignation favor a new relationship?

[Ortiz de Rozas] Of course. The participants in an event of that nature, such as Haig, have their own resentments. I have no doubts that Haig, maybe he had an objective, but he must have had his personal resentments toward Argentina because he felt that he could come here with his plan, with his own dictates and be successful. If he did not behave in this manner, perhaps he could have achieved a...

[Neustadt -- interrupting] How is Shultz? Do you know him personally?

[Ortiz de Rozas] No, I do not know him. But what is encouraging is not only this but the situation presented in Washington with the withdrawal of Haig. If the withdrawal of Haig means that other figures...

[Neustadt -- interrupting] Bush?

[Ortiz de Rozas] Sure.

[Neustadt] You have good relations with Bush, don't you?

[Ortiz de Rozas] We are very good friends. Bush and I have been friends for many years. We talk and joke...

[Neustadt -- intrrupting] [Question indistinct]

[Ortiz de Rozas] I think so. The President has just restated his confidence in him, and that he will conduct the crisis team, and that it will deal with the crisis.

[Grondona] I guess we better not speak about the other figure, because if the Democrats win, Kennedy will be the man.

[Ortiz de Rozas] It could be either Kennedy or Mondale.

POLITICIANS COMMENT ON BIGNONE'S ADDRESS

FY020450 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0240 GMT 2 Jul 82

[Text] Buenos Aires, 1 Jul (NA) -- Leaders of various political parties today voiced their satisfaction over President Reynaldo Bignone's address and emphasized that the process of democratization in Argentina must be stepped up.

Oscar Alende, leader of the Intransignet Party found nothing new in the presidential address because generally speaking, "he has practically repeated the statement he made to us last Thursday at the congressional building." Asked by NOTICIAS ARGENTINAS, Oscar Alende said that Bignone "has reaffirmed the idea that the institutionalization of the nation is the only rational, peaceful and orderly way to overcome the severe crisis in which the nation is immersed."

The former Buenos Aires governor added that Bignone's message "evidenced a true understanding of the nation because he spoke about the sorrow, the disappointment and the anger which the Argentine people currently feel."

He stressed that "the social and economic crisis must be resolved swiftly and jointly and this is a serious commitment." He also recalled that at the meeting which the political leaders held with Bignone he, Alende, stated that "any possible agreement can be reached only on the basis of strict compliance with the national Constitution."

Alende went on to say that "the accords of which politicians speak about so much when forces are not comparable imply, in the first place subordination and in the second place imposition. Thus the only real accord is the national Constitution and that is where all of us Argentines must seek agreement." He concluded by saying that the new president has undertaken the commitment to "play a clean game and I believe that this is very healthy, but he also said that the guarantee that the game will be clean will be found in his actions and therefore I believe that the important thing is to wait and see what he does."

Luis Leon, leader of the Radical Civic Union [UCR] and former senator from Chaco Province, emphasized that the "republic's illness is so severe that the people are prepared to believe even in witch doctors if they can provide salvation."

He added that: "I prefer facts to speak for General Bignone's promises. I am happy to see the men of the process (of national reorganization) correcting their mistakes."

He indicated that "the important thing is that we must all work for democracy, both those who are convinced of it and those who have repented," because "Christianity, for example, did not prevail only by the sacrifices of its martyrs but also because of the conversion of the pagans."

He went on to say: "History has taught us a harsh lesson and I hope that we will all understand that there can be no politics without democracy and no republic if we do not get ready to obey the mandate of the people, once and for all."

Leon, also answering questions asked by NOTICIAS ARGENTINAS, finally said that "anything capable of furthering the institutionalization of the nation must be supported."

Francisco Cerro, head of the Christian Democratic Party said that "the presidential address seemed to be full of promises and I hope that they will be fulfilled." He added: "He is a man who inspires faith, but I feel that now is the time for deeds and not words."

Speaking about the economic measures outlined by President Reynaldo Bignone, the Christian Democratic leader said that "they closely resemble the proposals of the Multiparty Group and therefore, I hope that they will be implemented and turn out to be successful."

As to the lifting of the political ban which Bignone announced tonight, Cerro said: "I like it very much, but even before we took over I ask him to abrogate Law 21.323 and Article 6 of the statute of the process, both of which prohibit political activities." He objected to the insistent desire to update the statute on political parties voiced by President Bignone and pointed out that "the need to approve a new statute is reiterated but I believe that it is totally unnecessary because the one currently in effect is more than enough."

Cerro emphasized that "we will adjust ourselves, since the authorities need another law for political activities," and concluded by saying: "Now we have to wait for the laws to be approved before the political ban can be actually lifted."

Octavio Frigerio, leader of the Integration and Development Movement said that tonight's speech by President Reynaldo Bignone was "disappointing." He explained that the presidential address: "was totally lacking in self-critical spirit by advocating the idea that we are all to blame for the nation's crisis."

Frigerio said that "this idea tends to disguise the political responsibility of the process of national reorganization which has helped enormously to create the catastrophic situation that we are currently experiencing." He stated: "I believe that the president should have admitted responsibilities -- even though these responsibilities are not only of the armed forces -- which have led the nation to this crisis."

He explained that "the armed forces are not responsible for everything because most of Argentina's ruling class has supported Martinez de Hoz's economic policy." He further said that the president "also avoided critical references to the Malvinas issue."

He pointed out that "the war over the Malvinas ended with a defeat which proved what the Integration and Development Movement alone had forecast and the president said nothing about this outcome."

He finally said: "My general impression is that a lack of honesty prevailed throughout the speech."

ARMY REPORTS ON CASUALTIES IN FALKLANDS

PY021616 Buenos Aires TELAM in Spanish 1535 GMT 2 Jul 82

[Text] Buenos Aires, 2 Jul (TELAM) -- During a press conference that was held at army headquarters today it was reported that the Argentine Army had a total of 156 dead (91 confirmed and 65 presumed dead) of a total of 9,804 soldiers that participated in the war operations on the Malvinas.

The 156 dead include 11 officers, 36 noncommissioned officers and 109 conscripts.

According to the chief of personnel of the army staff, Brig Gen Miguel Angel Podesta, the army's missing total 105 and the number of wounded and sick soldiers total 1,105.

He also stressed that of the total of 9,840 soldiers, 8,103 have returned and 335 have been held on the Malvinas.

After referring to the difficulties of obtaining immediate, true and exact information regarding the situation of the soldiers due to the characteristics of the fighting, Podesta maintained that the information that the Argentine Army provides about the personnel that took part in the fighting is released when there is a reasonable certainty about their fate.

The army officer also referred to the procedures that are being carried out regarding wounded and sick soldiers. He then indicated that the reports provided by the various sources (high commands, units, hospital centers, the International Red Cross, etc.) are processed by the personnel operations center and only when the true situation of each individual is certain are the reports made to military organizations and to the close relatives of each individual.

STRENGTHENING OF TWO BORDER AREAS REPORTED

PY021300 Sao Paulo VEJA in Portuguese 30 Jun 82 p 77

[Excerpts] Two border areas are causing concern for the Brazilian Armed Forces which are trying to concentrate troops there: the so-called "Palmas territory" in Parana, Santa Catarina and Rio Grande do Sul States bordering on Argentina; and northern Roraima State, bordering Venezuela and Guyana. "One trusts by distrusting," an Armed Forces General Staff (EMFA) general has warned. In the first case distrust has increased after the Malvinas crisis. The general believes that Brazil's borders established over the last 2 centuries, through either force or colonization, but always confirmed by treaties, are definitely set "unless another Galtieri shows up."

Gen Leopoldo Galtieri, who has just resigned as Argentina's president, did not fail to include among his options the conquest of Beagle Channel -- which would have led to war with Chile -- and of the Palmas territory. The latter is an enlongated triangle west of Santa Catarina, whose vertices are the cities of Palmas and Capanema in Parana State and Tres Passos in Rio Grande do Sul State, through Chapeco (Santa Catarina) and Pato Branco (Parana). This region had indeed been part of Argentina's Misiones Province, which should not be confused with the area of Sete Povos das Missoes in Rio Grande do Sul.

With this task in mind the Brazilian Army is currently concentrating it best trained units and is studying the transfer to the region of the 5th Armored Cavalry Brigade, one of the best equipped Brazilian units.

Currently headquartered in Rio de Janeiro, where it is part of the famous military village, and commanded by Gen Armando Paiva Chaves, the 5th Armored Cavalry Brigade will be fully resettled by 1983 when it is believed that all of its M-41 tanks will be equipped with fuel-saving diesel engines.

Brazil has no border disputes with Venezuela and Guyana, but these two countries are squabbling over the Essequibo territory where it is suspected that the largest oil deposit in the world has been found. The Brazilian Army merely fears that the Venezuelans will cross Brazilian territory north of Uraricoera River to invade the former British colony.

DETAILS OF AMX FIGHTER PLANE PROJECT REPORTED

PY021335 Rio de Janeiro O GLOBO in Portuguese 11 Jun 82 p 18

[Text] Brasilia -- The Air Ministry reported yesterday that the AMX jet fighter, a ground attack plane, project may be adapted for other needs of the nation. the AMX is a modern fighter plane which is being developed by the Brazilian Aeronautics Company [Embraer] in association with the Italian companies Aeromacchi and Aero-Italia.

In turn, Embraer reported that the adaption of the project for manufacturing a plane which can operate from the aircraft carrier Minas Gerais is viable; the only thing needed is for the Air Ministry to have an interest in this type of aircraft.

According to Embraer president Col Ozires Silva "in order to produce a plane operating from aircraft carriers, it will be necessary to make structural modifications in the project without desisting from making the ground attack plane which interests the Brazilian Air Force."

The landing gear blueprinted for the AMX will have to be modified in the plane for naval use which will also need a landing hook and other changes in the aerodynamic design.

Colonel Silva said: Therefore, it will not be the AMX but another plane based on it. The Brazilian plane for naval use will be able to carry Exocet or other types of missiles.

It should be emphasized that the AMX project has nothing in common with the French Etendard plane, not the body, the engine or the system.

It would be a mistake for Embraer to follow the Etendard project, although the company recognizes the virtues of the French plane which has been revived and renamed Super-Etendard.

The AMX will operate with two main computers and other secondary computers which will be either Brazilian or Italian. The AMX project is now in the state of seeking, testing and selecting the equipment which will be satisfactory for the ground attack mission assigned by the Brazilian Air Force.

Two aircraft models will be produced within the Italian-Brazilian project one of them according to the specifications approved by the [Brazilian] Air Force staff and the other according to the requirements specified by the Italian Air Force.

The AMX project has been included in the 1983 budget for the Air Ministry. Six prototypes will be built to fly in 1984 and 1985. The landing gear of the Brazilian and Italian models will be manufactured in Brazil. National industry will also provide other components for the aircraft.

FINANCE MINISTRY CONCERNED OVER INFLATION RATE

PTO51455 Sao Paulo Radio Bandeirantes Network in Portuguese 1000 GMT 5 Jul 82

[Text] The 8-percent inflation rate registered in June caused great concern at the Finance Ministry. Finance Minister Ernane Galveas' advisers declined to issue any comments in this regard while the minister, who is in Rio de Janeiro, could not be reached on the telephone even by the Finance Ministry press office which wanted to obtain a statement from the minister.

However, members of the Finance Ministry's technical department were not hiding their concern over the inflation rate in recent months. According to an expert, if the government wants to win the elections, and if it still wants to enjoy credibility within the international financial market, the increase in prices must be stopped.

According to economist (Celso Martoni), who is a professor at Sao Paulo University, the present absurd and chaotic financing system of government expenses, makes it impossible for the government to exert any kind of control on tax rates, inflation, and monetary policy. (Martoni) arrived at this conclusion after an intensive study on sources of income and increasing public spending. The economist noted that the government is increasing its domestic and foreign debt, in addition to issuing money to compensate for a decrease in tax receipts. Consequently, (Martoni) states that since there is no curbing of public expenditures this financing system yields no results.

COURT OFFICIALLY PROCLAIMS BETANCUR WINNER

PA052248 Buenos Aires LATIN in Spanish 1936 GMT 5 Jul 82

[Text] Bogota, 4 Jul (LATIN-REUTER) -- Conservative Belisario Betancur, 59, was today officially proclaimed Colombia's president by the electoral court. Today, the justices of the court made the final tally of the votes cast by Colombians on 30 May. The votes totalled 6,783,758.

Betancur obtained 3,168,592 votes; Alfonso Lopez Michelsen, candidate of the ruling Liberal Party, garnered 2,778,214 votes; Luis Carlos Galan, a dissident of the ruling party and leader of the so-called new liberalism, obtained 730,162 votes and Gerardo Molina, candidate of the leftist groups, received 82,228 votes. Slightly over 23,000 votes were either null, blank or cast for unlisted candidates.

Betancur will return to Bogota tomorrow after a 10-day rest in Greece. He will take office on 7 August for a 4-year constitutional period.

FOREIGN MINISTER DEPLORES GUZMAN'S DEATH

PA042344 Buenos Aires LATIN in Spanish 2144 GMT 4 Jul 82

[Excerpt] Bogota, 4 Jul (LATIN-REUTER) -- Speaking on behalf of the Colombian Government, Carlos Lemos Simmonds, Colombian foreign minister, today deplored the tragic death of Dominican President Antonio Guzman and said that the continent has lost a great democrat.

Lemos, who has been friends with Guzman for several years, told this agency that "this unexpected incident has brought grief to all the American countries." The foreign minister added: "This is a painful blow to democracy. A leader who was loyal to his democratic principles and who was a great friend of Colombia has died."

FOREIGN MINISTER LEMOS DEFENDS TIAR, OAS

PA030355 Paris AFP in Spanish 2239 GMT 2 Jul 82

[Excerpt] Bogota, 2 Jul (AFP) -- In Bogota today, Colombian Foreign Minister Carlos Lemos Simmonds defended the Inter-American Reciprocal Assistance Treaty (TIAR), describing it as "a masterpiece of self-defense."

Lemos Simmonds said that he supports a modernization of the OAS but added that he rejected the idea that it should be replaced by another organization without U.S. participation. He said that the OAS demonstrated its effectiveness and ability when it was run by distinguished statesmen like Alberto Lleras Camargo, a Colombian, and noted that it has declined "because it has not been properly used."

Asked whether the OAS should be replaced by another inter-American organization, Lemos Simmonds said that "organizations are neither good nor bad, they are only as effective as the ways in which they are used."

He stated that the OAS and TIAR "were distorted" in the recent Malvinas crisis, adding that the Rio de Janeiro Treaty "permits the American countries to fight an arms buildup."

Lemos Simmonds explained that if TIAR is applied correctly and is invoked only when an American nation is truly attacked by an extracontinental state, then the fact that the other nations would offer their weapons to the attacked country prevents an arms buildup.

"The TIAR has been misinterpreted," Lemos Simmonds maintained, noting that "it isn't true that a crisis existed."

The Colombian foreign minister said that he doesn't share the opinion expressed by certain countries referring to the alleged failure of the OAS and TIAR and calling for a reorganization of these inter-American institutions.

DE LA MADRID BLAMES U.S.-CUBA RIFT FOR STRAINS

PA041340 Paris AFP in Spanish 1217 GMT 4 Jul 82

[Text] Madrid, 4 Jul (AFP) -- Miguel de la Madrid, official candidate of the Institutional Revolutionary Party (PRI), has stated that the main cause of destabilization in Central America is "the lack of communication between Cuba and the United States." In a statement published here today by the morning newspaper DIARIO-16, De la Madrid noted that if he is elected in today's presidential elections he will strive to make a big effort, as he has done up to now, to develop that communication. He added that he will maintain cordial and just relations with the United States.

Regarding oil policy, he stressed that "for the time being there is sufficient evidence to advise Mexico to enter OPEC." In conclusion, he reiterated the support of Mexico for "the legitimate rights of Argentina to the Malvinas."

VOTERS ELECT MIGUEL DE LA MADRID PRESIDENT

NC050754 Paris AFP in English 0741 GMT 5 Jul 82

[Text] Mexico City, Jul 5 (AFP) -- Miguel de la Madrid, candidate of the Institutional Revolutionary Party which has ruled Mexico for 52 years, was elected the new president of this country in yesterday's elections. The victory was announced by Interior Minister Enrique Olivares, chairman of the Federal Electoral Committee.

Mr de la Madrid, 47, is a former planning and budget minister. He becomes the 20th president of Mexico since the 1910 revolution, taking over from Jose Lopez Portillo. The new president beat six candidates representing the full political spectrum from the far right to Trotskyism.

Election Reported Calm

PA052202 Havana International Service in Spanish 1600 GMT 5 Jul 82

[Text] Miguel de la Madrid, the official candidate of the Mexican Institutional Revolutionary Party, PRI, was elected president during the elections held yesterday in Mexico.

Enrigue Olivares Santana, Mexican secretary of government and president of the Federal Electoral Commission, said that although no specific data would be released on the vote tally, it could be said that the PRI had an overwhelming lead over the other parties that ran candidates during the election.

After learning of his victory, De la Madrid delivered a message to the Mexican people, pledging to keep all of the promises he made during the 9-month election campaign. He stressed that the ruling PRI's victory was a victory for the Mexican people and expressed a desire to fight dishonesty. Yesterday's election in Mexico were characterized by a heavy voter turnout at the polls. According to the reports, the election took place amid complete calm and no serious incidents occurred in any of the country's federal entities.

Victory Statement

PA051235 Madrid EFE in Spanish 0938 GMT 5 Jul 82

[Excerpts] Mexico City, 5 Jul (EFE) -- Miguel de la Madrid, virtual president-elect of Mexico, today addressed a message to the people in which he thanked them for the votes cast in his favor and promised to maintain and enhance the country's independence.

In announcing his victory to the Mexican people, the virtual president-elect pledged to strive for his country's development, to serve his term with honesty and to effect a moral renewal of society. De la Madrid reiterated he plans to govern by following the policy of revolutionary nationalism.

The future president of Mexico insisted that his party, the Mexican people and the Mexican revolution had won. Miguel de la Madrid thanked the men and women of this nation for participating en masse in the elections and said that a great majority of the 31.5 million Mexicans registered had gone to the polls to express their political will.

Olivares Santana said that the official results of the elections would be released in a week. He did not say when partial results would be available. The announced victory of De la Madrid and the PRI in the elections was no surprise to the Mexicans. The Federal Electoral Commission also failed to give data on the results of the elections to elect legislative representatives.

In addition to De la Madrid, only six of the nine political parties that exist in Mexico presented candidates in the elections, since two of the parties supported the PRI candidate.

[Reporting on the De la Madrid speech, Paris AFP in Spanish at 1054 GMT cites a "high-ranking PRI official" as saying that some 20 million of the 31.5 million registered voters went to the polls and approximately 16 million of them voted for the PRI candidate.]

Electoral Commission Statement

PA051241 Paris AFP in Spanish 1023 GMT 5 Jul 82

[Text] Mexico City, 5 Jul (AFP) — Miguel de la Madrid, candidate of the Institutional Revolutionary Party (PRI, official), was proclaimed winner today of Sunday's presidential elections. Enrique Olivares, president of the Electoral Federal Commission and secretary of the government, announced his victory.

The official did not report the first vote returns, but declared that this disclosed that "De la Madrid has such a lead over the other presidential candidates that it can be affirmed that he has obtained a wide majority of votes." The results of the vote count, both for president and for the legislative bodies, will be announced in the coming hours.

De la Madrid Program

PA051305 Paris AFP in Spanish 1027 GMT 5 Jul 82

[Text] Mexico City, 5 Jul (AFP) — An economic program that will make it possible to confront the crisis that Mexico is experiencing and a struggle against corruption and on behalf of a more egalitarian society are the central ideas of the policy to be followed by Miguel de la Madrid, the next president of Mexico. True to the general guidelines of his party, the Institutional Revolutionary Party (PRI), which has been in power for more than half a century, De la Madrid said during his campaign that his objectives include:

A. In foreign policy, to maintain the traditional Mexican position based on nonintervention, the peaceful solution of international conflicts, support for progressive Central American governments, advancement toward disarmament and the search for a new world economic order. This means that Mexico will remain outside OPEC and will probably continue its policy of adjusting its oil activity to that of the cartel.

B. In the domestic sphere, he intends:

— To try to achieve a more "egalitarian" society in a country in which social contrasts are acute.

-- to combat a structural evil of Mexican society; corruption.
-- to conquer inflation and the unstable rate of exchange.
-- to protect economic activity and employment.
-- to take action on the great structural problems of the country's development.
-- to respect the "constitutional principles of state rectorship, of mixed economy and economic freedoms" and to update the relationship among the public, private and social sectors.

De la Madrid maintains that "education is the great equalizing instrument in a society" and he attributes the social injustices to "lack of equal opportunity as regards access to the various levels of education." This has led him to propose a "policy of popular culture to give the masses all the factors that will contribute their intellectual enhancement and also to their healthy entertainment and recreation."

Threats to Candidate

PA050227 Paris AFP in Spanish 0152 GMT 5 Jul 82

[Text] Mexico City, 4 Jul (AFP) -- Rosario Ibarra, Mexican Workers Revolutionary Party presidential candidate, revealed here today that she has received 32 death threats in the past few days and she blames the government for any attempt against her life or the lives of her family. During a news conference that she held after she voted in today's elections, Mrs Ibarra showed newsmen the latest threat she received which says that she and her children will be killed. She added that three human rights organizations, including Amnesty International, will demand that the Mexican Government protect her family and will denounce the threats made against Mrs Ibarra.

Ibarra said she is not afraid of the threats and that the government "is afraid that if the Mexican Workers Revolutionary Party gets to Congress it will ask the government to account for missing persons and those that have been tortured for political reasons."

PEMEX STATEMENT REITERATES REFUSAL TO JOIN OPEC

PA042047 Madrid EFE in Spanish 2335 GMT 3 Jul 82

[Excerpts] Mexico City, 3 Jul (EFE) -- Mexico reiterated here today that it will not join the OPEC. It was announced officially that Mexico's position regarding that international organization is one of respect, without losing our independence."

Petroleos Mexicanos (Pemex), the state oil corporation, also said that so far this policy has been adequate and advantageous for Mexico.

It also said that some of the OPEC's objectives coincide with Mexico's foreign policy, "but we believe that by associating with an oil-producing group we would gain very little and lose a lot."

Pemex again reiterated that it will not sell its oil on the free market because "this is a form of protecting" its clients by preventing others from obtaining Mexican crude at a lower price, and also because Mexico is not seeking short-term profits. Expanding on this, a Pemex source said: "We know we will be on the market for a long time. Therefore, if our price is different for 2 or 3 months, that is not so important. We want to have a good average so that our clients can feel that they are getting a good price. At the same time, we do not want to be cheated."

The Pemex spokesman said finally that the structure of its export contracts is based on a ceiling of 1.5 million barrels a day. He later listed the destinations of those exports, as follows:

United States (44.3 percent); Spain (12.7); Japan (11.2); France (6.1); Great Britain (5.4); Italy (4.8); Israel (4.6); Central America (4.3); Brazil (3.6); Canada (3.0); ROK (1.2); the Philippines, Portugal and Uruguay (0.6).

EDITORIAL EXPRESSES 'REGRET' OVER MOSS DEPARTURE

PA041635 Panama City LA ESTRELLA DE PANAMA in Spanish 4 Jul 82 p A-4

[Editorial: "Ambler Moss"]

[Text] Several months ago, at the outset of President Reagan's administration when General Haig was secretary of state, we published an editorial in this column noting how advisable it would be, both for the United States and for Panama, if Ambassador Ambler Moss remained at the head of the U.S. diplomatic mission accredited here. This opnion was based on the many and proven merits that distinguish Ambassador Moss -- because he is a professional diplomat with a sound university background as a jurist, a man of vast culture and talent with a brilliant personality -- and on the fact that, since he stepped into his current post, he has gained a thorough knowledge of the negotiating process which culminated with the Torrijos-Carter treaties, and of the complementary mechanisms for their adequate implementation. At this stage, no other U.S. diplomat of his category can know or get to know everything regarding the treaties and their proper interpretation and implementation with the profoundness and scope that Mr Moss knows them. This made evident the necessity and advisability that he continue offering his assistance and cooperation in the task of ensuring the existing good relations of our two countries in matters of special sensitivity and importance.

Months later, that is, recently, on learning that the U.S. Government was preparing to replace Ambassador Moss with a politician who as such had shown open hostility toward our country during the treaty negotiations and later -- one of the countless blunders committed by Washington in its foreign policy -- we published another editorial noting what a blatant error this would be, with the purpose of preventing the United States from having to face Panama's refusal to grant approval to the proposed ambassador if the request was officially made.

Now Ambassador Moss has announced that he is leaving the post which he has fulfilled so admirably, to join a prestigious law firm in Florida, where his knowledge, personal relations and experience will be highly valuable.

We deeply regret this decision, which will deprive us of the presence and actions of an exceptional diplomat who, without ceasing for a single moment to defend the interests of his country with maximum efficiency, as befits his post, was able to understand and respect those of the Panamanians; many times reconciling both with exemplary ability and discretion. In bidding farewell with these lines to Ambassador Moss and to his gentle and charming wife, we want to make it very clear that they can always count on many sincere friends here in Panama.

ROYO SENDS CONDOLENCES TO DOMINICAN REPUBLIC

PA050307 Panama City Television Nacional In Spanish 0000 GMT 5 Jul 82

[Text] President Aristides Royo today sent a message of condolence from the Government and people of Panama to the Government and people of the Dominican Republic following the death of President Antonio Guzman early this morning.

The Panamanian Government and people share the sorrow that engulfs the Dominican nation following the death of this illustrious statesman who deservedly occupied a lofty position in international politics, the condolence message said.

For his part, Foreign Minister Jorge Illueca sent a message to his Dominican counterpart, Pedro Padilla Tonos, saying that the Panamanian people are shocked and distressed by the report of the death of President Antonio Guzman.

CDC MEMBER FOREIGN MINISTERS TO MEET 6 JULY

PA051516 Panama City ACAN in Spanish 1436 GMT 5 Jul 82

[Text] San Salvador, 5 Jul (ACAN-EFE) -- Fidel Chavez Mena, Edgardo Paz Barnica and Fernando Volio Jimenez, foreign ministers of El Salvador, Honduras and Costa Rica, will meet tomorrow, Tuesday, in this capital, an official source reported today. According to official reports, the foreign ministers of the three countries which comprise the Central American Democratic Community [CDC] will seek a way to reactivate the initiative of U.S. President Ronald Reagan's economic plan.

The foreign ministers will also study international legal mechanism to lend the CDC the necessary strength and operational capacity. Honduran Secretary Paz Barnica said recently that the meeting of foreign ministers will stress his government's plan to "internationalize peace" in Central America.

COSTA RICA

PRESIDENT RETURNS EARLY; BOMB REPORT BLAMED

PA041325 San Jose Radio Reloj in Spanish 0100 GMT 4 Aug 82

[Text] President Luis Alberto Monge Alvarez arrived unexpectedly at Juan Santamaria International Airport at noon today in a special plane which brought him directly from Mexico. The president was scheduled to return tomorrow. However, it is very possible that the report of a terrorist bomb led him to advance his return to the country. No newsmen or government officials were at the airport to receive him. Only his two private secretaries met him, since it had not been announced that he would arrive today. When we tried to learn the reason for his unexpected return trip, our newsmen were told only that he had been obliged to use the special plane because of certain domestic problems.

The president will discuss all aspects of his trip to the United States over a radio and television network on Monday morning. It was added that today and tomorrow he will meet with his immediate aides, who will brief him on the present domestic situation. President Monge has returned from a trip which he began on 20 June and during which he met with U.S. President Ronald Reagan and other top ranking U.S. officials.

BOMB DESTROYS HONDURAN AIRLINE MAIN OFFICE

PA031620 Paris AFP in Spanish 1526 GMT 3 Jul 82

[Text] San Jose, 3 Jul (AFP) -- A bomb today destroyed the main office of Honduran Air Services (SAHSA) in the downtown part of the Costa Rican capital. The explosion, at 0100 (0700 GMT), also affected nearby establishments. Thus far no group has claimed credit for the attack, which caused only property damage.

EL SALVADOR

GUERRILLAS SET CONDITIONS FOR CASTILLO RELEASE

PA052036 Panama City ACAN in Spanish 1914 GMT 5 Jul 82

[By Angel Antonio Garcia Munoz]

[Text] San Salvador, 5 Jul (ACAN-EFE) -- Salvadoran guerrillas have proposed an exchange of Col Francisco Adolfo Castillo, deputy secretary of defense, whom they have been holding since 17 June, for three leftist political figures who have been "missing" for some time.

The guerrillas propose to exchange Colonel Castillo, along with two officers and 40 enlisted men of the Salvadoran Army, for this group of persons, who have not yet been identified.

However, ACAN-EFE learned that one of the three men is reportedly the brother of a high-ranking guerrilla leader, although the sources did not identify the leader.

Since there was every indication that the guerrillas were going to ask for a large number of their members who are in jail in exchange for their most important prisoner, it may be assumed that the Salvadoran authorities will be hard put to find one or another of the "missing" persons. It has been learned in the capital, where the power failures of the past few days have continued, that Colonel Castillo is in good health, although he was slightly injured on the forehead in the helicopter crash.

Eyewitnesses to the capture of the deputy secretary by the guerrillas say that as they were leaving the site of the accident, a couple of Salvadoran Air Force planes strafed the members of the column, unaware that Colonel Castillo was their prisoner.

It has not been possible to confirm the specific points and details of the exchange proposal with official sources, although it was learned that the proposal was approved by the political and military leadership of the FMLN. However, observers indicate that the possibility of an exchange will not be considered by the Salvadoran Government, since during the past few days guerrilla forces have stepped up their attacks and have even entered the area of Soyapango, located some 12 km from the capital.

TERRORISTS REPORTEDLY TRAINING HONDURAN REBELS

PA031435 San Salvador EL DIARIO DE HOY in Spanish 2 Jul 82 pp 2, 19

[Excerpt] Authorities in Chalatenango have been informed that Honduran terrorists are being trained by their Salvadoran counterparts in camps located north of Las Vueltas, Chalatenango. Official sources in Chalatenango told newsmen that armed groups of Hondurans have been seen crossing the border from El Salvador to Honduras after they have received training from Salvadoran terrorists. They are sometimes accompanied by Salvadorans who will reinforce their subversive activities in Honduras. "Our Honduran brothers have been bitten by the bug," an officer said.

He added that a few months ago, terrorist leader Salvador Cayetano Carpio, alias Commander Marcial, was almost caught. When he was last seen near La Gallinera, his 18 bodyguards were killed during a clash with a military patrol. But the elderly chief managed to flee. Facundo Guardado was also seen in the same region, but he is now presumably in Morazan.

The officials explained the methods used by the subversives to smuggle weapons from Honduras: The subversives have business establishments in San Pedro Sula, La Majada and Santa Rosa de Lima. They sell "grain" at one of these establishments, which is a front for arms trafficking. Boxes which supposedly contain milk are filled with black powder, gunpowder, ammunition, and other supplies for the Salvadoran guerrillas, the officials said.

GARCIA WANTS PUBLIC TALKS WITH FOREIGN OFFICIALS

PA040201 San Salvador EL DIARIO DE HOY in Spanish 3 Jul 82 p 5

[Text] Gen Jose Guillermo Garcia, defense and public security minister, has said that all meetings with visiting legislators from the United States and other countries must be held in public. This is a "very personal" opinion of mine, General Garcia said. He reiterated that whenever a Salvadoran official receives a North American official, whether the official is a congressman, senator or other legislator, the talks must be held before newsmen so the Salvadoran people may know what is actually discussed.

This is because the visitors leave and then report things which are quite different from what they have been told. The defense minister feels that the talks must not be held in private. He personally feels that he believes in the people and has nothing to hide from them. Moreover, whenever he is visited by a North American official he insists that newsmen be present so people may know what is discussed, what questions they ask and what answers are given.

Furthermore, he said it is absolutely false he has been in contact with the leaders of subversive groups. He made this clear in view of reports by foreign news media that the Salvadoran defense minister has been in talks with guerrilla leaders. He absolutely denied it.

AFP NOTES SECRET GOVERNMENT-GUERRILLA 'CONTACTS'

PA050217 Paris AFP in Spanish 0101 GMT 5 Jul 82

[By Claude Urraca, special AFP correspondent]

[Text] San Salvador, 4 Jul (AFP) -- A high-ranking Salvadoran official has told AFP that the Salvadoran Government is faced with a political and military impasse and that it is trying to find a solution which will include the country's guerrilla forces. The official, who asked to remain anonymous, said that "we are going to look into the necessary mechanisms to give the armed groups a share of political power" in order to involve them in a negotiated solution of the conflict faced by the country. Several days ago there were reports of contacts between representatives of the Salvadoran Government and the guerrillas. However, the reports were categorically denied by individuals who are presumably more closely involved in the contacts: Gen Guillermo Garcia, minister of defense; and Maj Roberto d'Aubuisson, president of the Constituent Assembly and leader of the extreme rightwing. However, according to reliable reports, the Salvadoran Government did try to establish these contacts through Panama and Cuba but failed. [passage indistinct]

Meeting Denied

PA050425 Panama City Televisora Nacional in Spanish 0000 GMT 5 Jul 82

[Text] Today the Panamanian Government officially denied an item published in London FINANCIAL TIMES which says that the Salvadoran guerrillas and the Salvadoran Government began contacts in Panama, the first to take place since the beginning of political violence in that Central American country. Panamanian high level official sources said that Panama has not offered nor will it permit its territory to be used by the Salvadoran guerrillas to engage in any activities.

In a dispatch datelined in Panama, the London FINANCIAL TIMES reported in one of this week's editions -- the source was not mentioned -- that the Salvadoran guerrillas had begun talks in Panama with the Salvadoran Government and that a representative of Cuban President Fidel Castro was present. We obtained an official statement from a reliable source which said that what took place in Panama was a meeting between President Aristides Royo and Roberto d'Aubuisson, president of the Salvadoran Constituent Assembly.

FMLN CALLS FOR DIALOGUE ON HONDURAN ACTIONS

PA051645 (Clandestine) Radio Venceremos in Spanish to El Salvador 0230 GMT 4 Jul 82

[FMLN general command communique dated 1 July 1982 -- read by announcer]

[Text] In view of the intervention of Honduran troops in our country and the statements on the subject made by Gen Gustav Alvarez Martinez in his capacity as chief of the Honduran Armed Forces, in which he gave the official position of that institution, the general command of the FMLN of El Salvador announces its reply and defines its position:

1. Gen Gustavo Alvarez Martinez has admitted that 2,000 troops have been mobilized on the border with our country, but at the same time uses ambiguous formulas. He says on the one hand that the movements of his troops have been restricted to Honduran territory. On the other hand, his statement, which employes expressions and descriptions that are disrespectful toward the FMLN, is plagued with threatening phrases and even states that the Honduran Army will go to the point of sacrifices. In an effort to give basis to and justify the interventionist actions of the Honduran Army, he accuses the FMLN of what he describes as terrorist and subversive acts which took place in Honduras in the past 2 years.

2. The present interventionist action of the Honduran Armed Forces in our country is not the first of its kind. Since 1980, when Honduran troops participated in the horrible Sumpul River massacre of unarmed Salvadorans who were fleeing from the atrocious attack of the troops of the fascist dictatorship, there has been a lengthy succession of aggressive actions and incursions into Salvadoran territory territory by Honduran troops in cooperation with the Salvadoran Armed Forces in their struggle against the FMLN. On a few occasions, the Honduran authorities have permitted Salvadoran troops to enter Honduran territory to facilitate their counterrevolutionary operations.

What is new about the new interventionist action is its great scope and the fact that, because of the preparation and resources involved and its occurrence at this time of very great danger to world peace generated by the aggressive and crazy behavior of Ronald Reagan's imperialist government, it presages other steps that will be even worse for peace in Central America.

The Honduran troops are still in Salvadoran territory. The official statement signed by General Alvarez constitutes on the whole -- despite his weak statements to the contrary -- a confirmation of our charges. Each phrase in that statement reflects a rancourous and aggressive feeling against the Salvadoran people and their vanguard, the FMLN.

This is a sequel to other declarations of this time, like that of 1 April, when General Alvarez told Mexico's channel 13 television, quote: I would permit U.S. troops to pass through Honduras.

One's attention is drawn to the fact that these statements made in the name of the armed forces, which contain evidence of the fact that the high command is already acting in implementation of interventionist plans, are being converted into massive interventionist actions which (?pressuppose) the approval of the congress and other state organizations that are constitutionally empowered to make decisions in this area.

On the other hand, it is clear to any observer that these clear decisions which are [words indistinct] the constitutional organs, are being adopted on instructions from the imperialist U.S. Government, which maintains a growing number of military advisers in Honduras, which recently increased weapons shipments from its southern command in Panama, and which is investing tens of millions of dollars to modernize Honduran airports to adapt them to military use.

3. The FMLN has been making an effort to cooperate with the majority of the Honduran people, their political parties and the Honduran Armed Forces themselves, which have on repeated occasions promised to maintain Honduras' neutrality. We have done this despite the fact that dozens of our comrades have been captured by repressive Honduran groups and remain in prison, enduring cruel torture, and also despite the repression practiced against the thousands of refugees and the repeated Honduran Army incursions against FMLN positions in Salvadoran territory along the border.

Now that the intervention of the Honduran Armed Forces has escalated to this serious moment, causing the disruption of peace and the regionalization of the war, the FMLN joins with all the sensible Honduran voices that have been raised in these past few days in defense of peace and in reaffirmation of neutrality from the pages of newspapers, from the seats of the legislative assembly, and from dozens of popular organizations, by formulating a demand and a specific proposal.

We demand the immediate withdrawal of the Honduran Army from the positions that it is occupying in Salvadoran territory. We propose prompt initiation of a dialogue between the FMLN and the appropriate Honduran authorities in order to agree on specific measures that will ensure mutual nonintervention in the affairs of our respective countries.

The FMLN expresses its full willingness to make a positive contribution to the achievement of those agreements and to scrupulously respect them at the same time. We wish to clearly note for the record our decision to repel, with arms, the Honduran troops that operate in our country's territory in cooperation with our bitter enemy. Although we have no wish to do so, the dynamics of the military confrontations may logically oblige us to fight inside Honduran territory.

3. The FMLN calls on the peoples of Central America and the world, on the international community, on all regional and world organizations, on the governments of our region and of all the continents individually, and on personalities and institutions and, in general, on all peace-loving forces, to realize that the regionalization of the war in Central America is among the great dangers that, by the work of the U.S. Government, threaten world peace today, along with the Israeli aggression against the Lebanese and Palestinian peoples and the aggression of which the Argentine nation was the victim.

We say to them all: It is necessary to react immediately, while there is still time, to prevent the emergency of a new hotbed of international tension. The FMLN, in presenting its proposal to talk and reach constructive agreements with the Honduran Government, is demonstrating its wish to remove this conflict from the exclusive sphere of propaganda and advance toward practical and effective solutions. In order to make this proposal viable, we declare our willingness to accept whatever intermediary efforts other governments or international bodies may wish to initiate.

[Dated] El Salvador, 1 July 1982 For the FMLN general command: [Signed] Commanders Joaquin Villalobos, Shafick Jorge Handal, Salvador Cayetano Carpio, Roberto Roca, Ferman Cienfuegos.

GUATEMALA

MINISTER REJECTS BRITISH 'WARNING' ON BELIZE

PA031355 Guatemala City Cadena de Emisoras Unidas in Spanish 1230 GMT 3 Jul 82

[Text] Guatemalan Foreign Minister Eduardo Castillo Arriola has rejected Great Britain's warning that Guatemala refrain from starting a military adventure in Belize, as published by the London paper THE GUARDIAN. Castillo Arriola said that in the name of the government, he was rejecting the British warning as improper and insolent. He added that this warning does not reflect the pruposes expressed by General Rios Montt's government as regards its interest in finding a peaceful solution to the controversy over Belize.

The foreign minister said that, in contrast to the position taken by London, Guatemala has initiated contacts to resume talks designed to achieve a peaceful solution to the dispute over Belize, which achieved independence granted unilaterally by Great Britain on 21 September 1981. Castillo Arriola said that these new contacts made by Guatemala could have good results as long as there is good faith as regards the desire to find a solution that is just and equitable for all the parties involved in this conflict.

PROVISIONS OF NEW EMERGENCY MEASURES AMPLIFIED

PA022128 Guatemala City Trecevision in Spanish 0130 GMT 2 Jul 82

[Excerpts] In addition to the state of siege, the government has decreed the partial mobilization of the army throughout the republic and the creation of courts with special powers. It has also cancelled all licenses to carry weapons.

One measure that is novel and that has no immediate precedent in this country is the creation of the special courts, which will consist of three people, either active licensed lawyers or army officials. One important aspect is that a portion of the trial will be oral, through the use of hearings. Debate will be public, although the court will be empowered to order private hearings.

The court will hand down sentences immediately upon the completion of the hearings. These sentences will not be subject to appeal.

As for the partial mobilization of the army, the government has ordered all Guatemalan citizens of 18 to 30 years of age, who did obligatory military duty in the active forces, and career offcials not on active duty within the same age limits to present themselves within 5 days at the reserve headquarters in the departments and at the Justo Rufino Barrios Military Headquarters in the capital. Those who fail to comply will be sanctioned for the crime of resistance. All employers, including private enterprise employers, must provide every facility to employees who are mobilized. Employees will return to the same jobs or positions once the emergency is over.

Another important aspect is that the army will be able to make temporary use of any resource -- private or state vehicles, property or installations -- though it must eventually make equitable payment for such use and for any damage caused. Payment will be made after the respective decree expires.

It has also been established that radio and television stations will be controlled by the general directorate of national radio and television broadcasting.

Individual rights that have been suspended under the state of siege are freedom of movement and of association, the free expression of thought, freedom of correspondence, inviolability of residence, the right of appeal and the right of habeas corpus or personal appearance.

PRESIDENT RIOS MONTT DEFENDS STATE OF SIEGE

PA052126 Guatemala City Domestic Service in Spanish 0300 GMT 5 Jul 82

[Weekly speech by Guatemalan President Efrain Rios Montt in Guatemala City -- live]

[Excerpts] We have to tell the industrialists that they have to work and that they have to provide security for their industries. We must understand that we are a small army. We have had to mobilize a few more men to fight the guerrillas, who have weapons. We are going to fight the armed guerrillas with weapons. That is the truth. We are going to do so. We are going to fight the armed guerrillas with weapons. Now then, since we do not have enough policemen, because not everybody pays their taxes, we want the industrialists to be concerned with protecting their installations. You should be concerned about protecting and guarding your own installations. You should go to the National Defense Ministry so that it can give you the necessary authorization so that you can take charge of the security of your own installations. I ask this of you. Since this is advisable for the nation, the ministry is already receiving instructions so that you can in one way or another organize your self-defense. The same is also true for all the production units.

We have to concentrate our forces where the stronger guerrilla groups are located. Therefore, we will have to neglect some places but this will not be a slight or feigned neglect; it will be a real neglect. As a result, those concerned will have to help us by providing for their own defense.

We have a state of siege law that imposes great obligations and sacrifices. Let us accept it so that after the pains that this state of siege causes, we can live in peace and freedom. Near us there are countries in which a power of the north, another power of the north, another power of the north [as heard] private enterprise, the church and communism joined together. Look at that, six things joined together for their own interests.

Now, only communism is left. I am going to tell you something. The United States helped the Nicaraguans; Russia helped the Nicaraguans; Cuba helped the Nicaraguans; private enterprise helped the Nicaraguans; the church helped the Nicaraguans and the communists also helped the Nicaraguans. What is left now? Is there a free press? Is there a free private enterprise? Is there a free country? Do you want us to go any further?

Guatemalans, we must build a nation but without a capital in Washington or Moscow, but in Guatemala. We have to build a nation but with a captial in your hearts. We have to build a nation in which neither rubles nor dollars will interest us. Instead, what must interest us the most is the relationship between you and me, because through that relationship we need to build what interests us the most; a fatherland.

Before [words indistinct] those (?days), I want to tell you that a state of siege has been imposed to provide a legal framework for the actions that we are going to take. Law must come first. If there is no law only the law of the jungle will prevail. No. We had 10 years without a state of siege but more than 150,000 people were lost. We had 10 years without a state of siege and you cannot imagine how many millions [as heard] were spent. Today we have a state of siege. The state of siege gives us freedom, security and legal guarantees.

Dr Hurtado [Juan Jose Hurtado, a medical school professor] is under arrest. I am telling you that Dr Hurtado is under arrest for being a communist. I do not deny it. He is under arrest. Do you realize that this is the law, that this is justice, that this is the truth? For a government to have credibility, it must act within the law. We are acting within the law. We are not afraid. We do not have commitments with anyone. We think that God must give us strength to rebuild Guatemala. I do not lie; I do not steal; I do not deceive. I am interested in serving Guatemala, and you and I are Guatemala. May God bless us. Good night.

HONDURAS

TERRORIST BLASTS CAUSE POWER FAILURE IN CAPITAL

PA051345 Panama City ACAN in Spanish 1215 GMT 5 Jul 82

[Text] Tegucigalpa, 5 Jul (ACAN-EFE) -- Two groups of armed men placed several explosive charges that blew up the Santa Fe electrical plant and a substation at Suyapa last night, leaving the Honduran capital in darkness. Max Perdomo and Fabian Garcia, operators at the Santa Fe plant in the northwestern sector of the city, which has a capacity of 138,000 watts, told ACAN-EFE that a group of men armed with machineguns arrived at the station and, after locking them in a room, set charges at the main transformers.

Ramon Antonio Lopez, an operator at the Suyapa substation in the eastern part of the capital, confirmed to ACAN-EFE that another group of armed men simultaneously carried out an identical operation at that plant. After placing the explosives, they evacuated the employees of the electrical plant and activated the charges, which left 99 percent of the city without power.

According to the statements made by the three operators, the two groups of men displayed a similar attitude. They hardly spoke and were wearing yellow hardhats like those used by the electrical plant workers. Two hours after the attacks took place (0400 GMT), only some hospitals, the Presidential Palace and other centers that have their own generators have power.

Spokesmen for the Honduran police, which have not yet identified those responsible, described the terrorist operation as highly specialized and said that the attacks were "synchronized and bold." Honduran authorities have placed policemen on emergency alert and have assigned patrols to tour the streets of the capital.

In addition, strict security has been established at some strategic sites in the capital, such as the area around the Presidential Palace, in order to prevent other possible terrorist attacks. No radio or television station has been able to broadcast programs and news reports, although initially, some of them managed to keep the population informed by the use of batteries, which later were drained.

Telephone lines and firemen's radio cars have also been affected by the power failure, making internal and international communication difficult. Honduran newspapers were not issued today, because the general blackout occurred as the first issues were coming off the press.

Outage To Last 'Several Days'

PA051905 Panama City ACAN in Spanish 1823 GMT 5 Jul 82

[Excerpts] Tegucigalpa, 7 Jul (ACAN-EFE) -- Army and police patrols were guarding the main streets of the Honduran capital to forestall new terrorist attacks similar to those last night. The cost of the equipment destroyed in the Santa Fe electrical plant and the substation in Suyapa in the northwestern and eastern parts of Tegucigalpa is estimated at $3 million.

Herman Aparicio, manager of the National Electric Power Enterprise (ENEE), told ACAN-EFE today that the terrorists who blew up the plants must be experts because they placed the explosives in the main transformers and distribution panels. Aparicio explained that all of Francisco Morazan department in the central part of the country was left without electricity. The equipment destroyed cannot be repaired and must be totally replaced, causing the energy outage to be prolonged for several days, according to Aparicio.

NEWS BLACKOUT ON SALVADOR INTERVENTION CHARGED

PA051805 Managua Radio Sandino in Spanish 1830 GMT 3 Jul 82

[Special AGENCIA INDEPENDIENTE DE PRENSA report for Radio Sandino from Tegucigalpa; no date given]

[Text] The Union of Honduran Newsmen, UPH, has charged that the media have established an information blockade regarding the participation of the Honduran Army in El Salvador's civil war. The UPH says that newspapers and radio stations are refusing to publish paid advertisements by popular organizations when they deal with Honduran intervention in Salvadoran territory in actions against insurgents of the FMLN.

The UPH added that the people have a right to be informed and that this measure [the news blockade] is part of the military operation being carried out by the Honduran Army in the departments of Morazan and Chalatenango, El Salvador. The UPH also said that Honduran military airplanes with registration numbers 304 to 309 landed at 30-minute intervals at (Olon) field in (Martala) Municipality, in La Paz Department on the border with El Salvador, to unload groups of 30 to 40 heavily armed soldiers. The UPH reported that the Honduran troops participating in this action are being guided by U.S., Chilean and Argentinan advisers.

NICARAGUA

GOVERNMENT EXTENDS STATE OF SIEGE ANOTHER MONTH

PA060332 Managua Domestic Service in Spanish 0300 GMT 6 Jul 82

[Text] Sergio Ramirez, member of the Junta of the Government of National Reconstruction, has reported that the revolutionary government has decided to extend the state of siege 1 more month because of the warmongering aggressiveness of the United States in various parts of the world, which also affects Central America and Nicaragua.

Ramirez made the announcement during the opening of the first national seminar on social work named after Laura Amanda Cuadra. The seminar will last 4 days and its slogan is social policy and social work during the process of transformation of the Nicaraguan society.

The inaugural motion was submitted by Henry Ruiz, commander of the revolution, and dealt with social policy and transformation of the new Nicaraguan state. Ramirez said that Central America and Nicaragua are threatened by imperialism, which is now more aggressive than ever. He said that the present, open intervention of the Honduran Army against the Salvadoran revolutionary forces in Salvadoran territory further worsens the already difficult situation in Central America and shows that we must be on the alert.

MINISTERS D'ESCOTO, CARDENAL DEPART FOR BEIRUT

PA052048 Managua Radio Sandino in Spanish 1830 GMT 5 Jul 82

[Text] The people and Government of Nicaragua have reiterated their condemnation of the new Zionist aggression against Palestine and Lebanon. Before leaving for Beirut, Father Miguel d'Escoto Brockman, Nicaraguan foreign minister, said that we are going to express the clear and categoric solidarity of the people and government of Nicaragua with the brother peoples of Palestine and with their PLO leaders.

Foreign Minister d'Escoto was accompanied by Culture Minister Ernesto Cardenal and in statements made at the Augusto Cesar Sandino International Airport he said that the Nicaraguan Government is very concerned about the current situation in the Middle East. The diplomat added that during his visit to west Beirut he will study ways to find a solution to the difficult situation that endangers international peace and security.

The following is a statement made by Foreign Minister Miguel d'Escoto: [Begin recording] We are very concerned because we have seen that on one hand the world is experiencing one of the strongest waves of violence in recent times, a genocide that is being committed against these people. I believe that the international community, which is aware of this situation, should be much more active especially in denouncing U.S. policy because we cannot separate the United States, its policy, its government and its President from what is being done to the Palestinian people.

Unfortunately, the Reagan administration has given Israel carte blanche to commit any atrocity with the assurance that the sanctions included in Article VII of the UN Charter will not be applied against it because the United States has assured Israel that it will abuse the use of its veto, as it has always done before, to stop the implementation of sanctions against Israel.

Our people [word indistinct] Somoza's genocidal violence came from the weapons and Israeli military advice [word indistinct]. It is for this reason that our people feel and understand perfectly what the brother people of Palestine are feeling and suffering. [end recording]

BARRICADA QUESTIONS U.S. AID TO BUSINESSMEN

PA031650 Managua BARRICADA in Spanish 30 Jun 82 p 3

[Editorial: "A Clue We Should Investigate"]

[Text] The political reasons which the State Department had to explain to the House of Representatives to justify a new $5.1 million donation to the Nicaraguan "opposition" have placed the beneficiaries in a very embrassing position. Although in Washington no one is euphimistically saying that this is "development aid," and it is openly noted that the idea is to give financial support to the Nicaraguan opposition for political reasons, the members of the Higher Council of Private Enterprise, COSEP, are not only trying to ignore this, but are trying to convince us that this donation is directed at the Nicaraguan people.

Looking beyond the apparent contradictions between one argument and the other, it becomes obvious that these are just two sides of the same coin; shameless meddling on one hand, and circumstantially timid submission on the other. Therefore, we should not fool ourselves. We must admit that in this regard, the North Americans are doing better than the local people; so much better that with just one statement (about giving economic aid to "unhappy" sectors here and about "strengthening the last bulwark of pluralism"), the local people found themselves forced to come out with an incoherent speech.

But now that we know this, we wonder: What is the real background of this "tie," which according to COSEP has existed for some time?

First, we must caution that in happily accepting the U.S. donations after being warned about the political motives behind them, both COSEP and the Catholic Church hierarchy have a public political commitment with the U.S. Government. What degree of future autonomy will they have after they accept money that was refused to the people for the purchase of bread, money that for some time has been used to finance the counterrevolution?

We also wonder if the Reagan administration is financing other representative forces of the "opposition."

Isn't it logical to assume that if the businessmen and the Catholic Church hierarchy deserve public praise and several million dollars from the Reagan administration, other traditional political parties, the news media at their service and other groups that claim to be part of the "opposition" also deserve the same treatment?

With the $5.1 million to "strengthen the opposition", Reagan has given us, at least, a valuable clue. Now all you have to do is to draw your own conclusions.

CORDOVA CHARGES U.S. AIDING SANDINIST FOES

PA042105 Panama City ACAN in Spanish 1849 GMT 4 Jul 82

[Text] Managua, 4 Jul (ACAN-EFE) -- Rafael Cordova Rivas, member of the Junta of the Government of National Reconstruction, finds it very difficult for relations between his country and the United States to improve soon.

In a statement to ACAN-EFE, the Nicaraguan Government leader indicated that the United States persists in maintaining a negative and arrogant attitude, attacking this country in various ways.

"One way was the $19 million it contributed for covert operations, the $22 million it gave to the hijackers in Honduras and the $5.1 million grant it approved for private enterprise and the church in Nicaragua," he added.

Regarding relations between Nicaragua and the rest of Central America, Cordova Rivas said that they are normal and that Nicaragua "does not want to attack or to intervene in the policy of any country in the area, but Nicaragua does not want to be attacked either."

He noted that Nicaragua would favor establishing a "status quo" for peace in Central America and the rebuilding of his country.

On 30 June anti-Sandinist bands made incursions into the western Department of Chinandega killing one Nicaraguan soldier. Regarding this, Cordova Rivas said that Honduras cannot be blamed, but rather "imperialism."

According to the government leader, the United States is to blame because its government promotes, nurtures, trains, maintains and arms anti-Sandinist groups.

INTERIOR MINISTER BORGE INTERVIEWED IN MANAGUA

AU301431 Budapest NEPSZAVA in Hungarian 26 Jun 82 p 6

[Eva Elekes interview with Minister of the Interior Tomas Borge -- in Managua, date not given]

[Text] Almost 3 years have passed since the victory of the Nicaraguan revolution. In spite of the increasingly complex external and internal conditions, these 3 years have produced significant results. I asked Minister of the Interior Tomas Borge about the results and problems of his office.

Borge is one of the nine members of the national leadership of the Sandinist National Liberation Front, the only survivor of those who founded the Sandinist front in Nicaragua in 1961. He was born in Matagualpa in 1931; his father was the cousin of the liberation fighter Sandino. He was only 13 when he edited an opposition paper and spent almost his entire life in the revolutionary struggle.

[Borge] When a new creature is born, the first moments of its life are difficult ones, to be sure. And our revolution is undoubtedly a new creature which is just beginning to learn the vernacular of the revolution, that is, revolutionary ideology. That cannot be made popular by decrees. Therefore, I regard as our most important achievement the fact that our people's awareness and faith in shaping their own destiny have increased.

Most of the results we have achieved are generally known. We have put an end to terror in our country. Allied with the peasantry, the workers class is constantly consolidating its power. Liquidating illiteracy is successfully in progress. The sphere of the people's property has expanded, the agricultural reform is advancing, and we have laid the foundations for a profound development of agriculture, thereby creating the prerequisites for industrial development.

[Elekes] What reasons necessitated the introduction of a state of emergency?

[Borge] Objective circumstances forced us to proclaim the state of emergency. On the one hand, counterrevolutionary forces had become more active in the country, while, on the other hand, imperialism was hatching plans constituting a threat against Nicaragua. We had to introduce the state of emergency because the country was not living under normal conditions. In Latin America, the introduction of a state of emergency means mostly that "gorillas" and other oppressive forces can commit excesses without hindrance. However, in our country it means that people can go out in the street assuredly, that the atmosphere has become more tranquil and secure.

[Elekes] The Western press frequently repeats the accusation that Nicaragua uses the state of emergency only as a pretext to liquidate the opposition.

[Borge] Anything we do or do not do serves as an excuse for hostile propaganda. In my opinion, the revolution does not need pretexts. Revolutionaries struggle to retain the power that has been achieved, while counterrevolutionaries struggle to regain power. And revolutionary states are always entitled to defend themselves. We are acting against counterrevolutionaries just as they act against us when the power is in their hands.

[Elekes] The impression has been increasing lately that the broad national unity forged in the anti-Somoza struggle has disintegrated.

[Borge] While collaboration between the workers class and the peasantry is growing firmer, unity is splintering with regard to other social forces. We are trying to maintain a broad national unity of all social strata, including the bourgeoisie, on the basis of patriotism. However, all things considered, the interests of the bourgeoisie are contrary to the interests of the revolution. There are sectors of the bourgeoisie that can live with the revolution, but its broad strata cannot forgive the fact that they have lost their political power, and, in spite of the fact that we support them through an array of economic incentives, they are unable to swallow their political losses. Nevertheless, on the common platform of patriotism and the defense of national sovereignty, we endeavor to maintain unity with all forces prepared to accept the fact that the working classes here are in the axis of the revolution.

[Elekes] Certain signs lead one to conclude that the Sandinist Front itself is not quite united.

[Borge] You are probably referring to the problem of the traitor Pastora. That does not mean that there differences within the front. It is a mere desertion. And, when traitors and cowards flee an army, the army becomes stronger. When someone deserts the ranks of a political party, a revolutionary party, that only unites the revolutionary forces even more. We have no internal differences. There are desertions, just as there have been in every revolution.

[Elekes] Still, what do you think of Eden Pastora's accusations?

[Borge] I have no opinion. I do not want to express an opinion. As for the position of the Sandinist front, it is as follows: Those accusations are not worthy of a reply. Pastora has completely identified himself with the interests of the CIA, the interests of the enemies of Nicaragua and Central America. The personal accusations heaped on us cannot be taken seriously at all.

[Elekes] Maintaining political pluralism, alongside a mixed economic model, is a fundamental characteristic of the Nicaraguan revolution.

[Borge] Various parties can function in Nicaragua. However, there are no parties that might be against the revolution. Of course, that does not mean that there are no differences of views. And, as far as the Nicaraguan Democratic Movement (MDN -- the leading party of the middle-class opposition) is concerned, that problem has solved itself. The MDN has left Nicaragua and has gone over to the side of the counter-revolution. Quite a few parties, such as the Independent Liberal Party and the Christian People's Party, are expected to continue to operate. However, they do not work against, but are on the side of, the revolution even if their viewpoints differ from those of the Sandinists.

Whether a third road exists? No, only two roads exist; the capitalist and the non-capitalist road, the revolutionary and the nonrevolutionary road. This is like a highway, we can only set out in two directions. Each country chooses its own direction in accordance with its national characteristics. Nicaragua has chosen the non-capitalist, the revolutionary road.

CASTRO ASKS NONALIGNED TO HELP STOP BEIRUT ATTACK

PA040501 Havana International Service in Spanish 0000 GMT 4 Jul 82

[Text] Fidel Castro, the top Cuban leader and president of the Nonaligned Movement, has sent a message to the heads of state and government of the movement's member countries to take urgent steps to keep Israel from launching its genocidal attack against the western sector of Beirut, the Lebanese capital.

Expressing great concern, Fidel Castro states in his appeal that we have received a message from Lebanese President Ilyas Sarkis asking the nonaligned countries to help save Beirut from the impending catastrophe and attendant massacre of the population. As in previous requests, the document adds that we reiterate our call to all the nonaligned countries to make efforts to stop the Zionist aggression against the Lebanese and Palestinian people and succeed in making the Zionist troops withdraw from Lebanon immediately and unconditionally.

The Cuban head of state stresses that the Nonaligned Movement cannot remain indifferent to this hideous crime against the Palestinian and Lebanese people, adding that the condemnation of Tel Aviv must be unanimous and of such nature as to stop the hand of the aggression. Finally, he states that the Israeli forces (?seek) to commit genocide not only against these two Arab peoples in Beirut but to pose a challenge to mankind as well. The world must not permit this barbaric act, he emphasized.

U.S. BEHIND HONDURAN 'INTERVENTION' IN SALVADOR

PA071745 Havana International Service in Spanish 2310 GMT 1 Jul 82

["Our America" commentary]

[Excerpts] The recent invasion by more than 2,000 Honduran soldiers in El Salvador has provoked an increasing wave of protest in Honduras, in which students and workers of this Central American country are participating. The public security forces and other Honduran repressive organizations have replied to the just protests with a merciless attack on the demonstrators. The Honduran Coordinating Board of Solidarity with the Salvadoran People, which is actively participating in the demonstrations, has warned that despite the official repression, demonstrations repudiating the decision made by Roberto Suazo Cordova's regime to intervene militarily in El Salvador will continue. This solidarity organization charged that the intervention of thousands of Honduran soldiers in the Salvadoran conflict has the support of the so-called National Security Council, headed by Suazo Cordova and Gen Gustavo Alvarez, commander-in-chief of the armed forces. The organization added that these invading soldiers are given advice by U.S. military personnel based in the border between the two countries.

The transformation of Honduras into a deputy gendarme of U.S. imperialism in Central America is an old plan of the United States which is being expeditiously implemented in recent times. This is now confirmed by the intervention of thousands of Honduran soldiers in El Salvador.

'WARMONGERING' TESTS ALLEGED FOR SPACE SHUTTLE

PA030417 Havana International Service in Spanish 0000 GMT 3 Jul 82

["World Events" commentary]

[Text] With its cargo bay full of warmongering equipment, the U.S. spacecraft Columbia began its fourth flight to outer space on Sunday. For a period of 7 days, astronauts Thomas Mattingly and Henry Hartsfield will conduct various experiments, on Pentagon orders, intended to turn outer space into a new battlefield against the alleged Soviet threat.

As has been repeatedly charged, almost all of the missions of the space shuttle's flight respond to the warmongering plans of the White House. Thus, although the payload supplied by the Pentagon is classified as supersecret, its content is not a mystery to anyone, it has been reported that this fourth flight by Columbia will enable the United States to test military equipment, including an infrared radiation telescope for the detection of missiles called (Service), a spectrometer and a space navigation sextant. At the same time, it has already been announced that approximately half of the flights that the spacecraft and its sister ships will make until 1984 will have the Pentagon as their main client. The U.S. Defense Department is also rapidly preparing a launching base at the Vandenberg military complex in California.

For 1983, 1986 and 1987, the warmongers who direct U.S. policy seek, by using the Columbia, to fill outer space with spy satellites, laser ray weapons and ultramodern tracking systems, which will, in their view, guarantee U.S. military superiority over the USSR.

As has also been repeatedly charged, the U.S. plan to transfer the revanchist and warlike climate to outer space constitutes a flagrant violation of the agreements signed in 1976 with the Soviet Union on the peaceful use of outer space.

The flight of the Columbia, which has been turned into a threat to peace, comes at a time when a symbol of detente and cooperation between nations with different social regimes is also flying in space. While Mattingly and Hartsfield are testing their devices of destruction and death, three Soviet cosmonauts and French citizen Jean-Loup Chretien are engaged in valuble experiements aboard the Salyut 7-Soyuz T5-Soyuz T6 orbital complex for the benefit of their respective countries' economic and scientific development. Nothing could be more illustrative of the opposing objectives of imperialism and socialism in space investigations.

It is no secret that a fair portion of the capitalist society's technical progress to date has been designed for the subjugation of peoples and the merciless exploitation of their natural resources. Billions of dollars and the most eminent scientists and technicians are used by capitalism for the production of deadly weapons, while hunger, malnutrition and poverty increase in the underdeveloped world. That is the true meaning of the Columbia's fouth mission, which, far from contributing to the solution of humankind's distressing problems, increases the threat of total destruction.

DANGER OF COUP LOOMS LARCE IN DOMINICAN REPUBLIC

FL051543 Havana Domestic Television Service in Spanish 1137 GMT 5 Jul 82

[International commentary by Edel Suarez of PRENSA LATINA and (Jose Fernandez Vilela) of "Revista de La Manana" staff]

[Excerpts] [Fernandez Vilela] The unexpected death of the Domincan President, Antonio Guzman, who apparently committed suicide in the bathroom of his presidential office at 2300 Saturday, is a news item that has drawn public attnetion not only in Latin America but all over the world. We should provide our viewers with some information about the Dominican Republic's present situation, Guzman's administration in the past 4 years and his unexpected and, to a certain extent, enigmatic death and the reasons for his course of action.

[Suarez] Yes, President Guzman's death in circumstances that are still unclear could lead to political maneuvering in the Dominican Republic. Salvador Jorge Blanco won the May presidential election for the so-called Dominican Revolutionary Party [PRD], which, as we all know, is not revolutionary at all. The process of electing Jorge Blanco was surrounded by a lot of controversy and internal fighting both within the so-called PRD and other sectors.

The election struggle began with the nomination, since the late president hoped to run a second time or to have a close follower win. Once his hopes were dashed because the political machinery did not allow him to run, Antonio Guzman paved the way for his vice president, Jacobo Majluta, who has now become the president, to run for the presidency. However, the PRD convention nominated Salvador Jorge Blanco, who won.

Amid all this electoral campaigning, the Dominican Armed Forces had constantly and repeatedly threatened a coup d'etat should Salvador Jorge Blanco win. They preferred the Reformist Party candidate, Joaquin Balaguer, whose ties with [late dictator] Trujillo and affinity and close contacts with the U.S. Embassy are well known. In other words, the Dominican political scene has been marked by threats of a coup d'etat. With the death of President Guzman, these dangers, which had been latent, loom large now.

In his official statement yesterday, Vice President Majluta said that the armed forces had expressed their support for the constitutional process. Of course, this does not explain too much, because the constitutional process could mean the transfer of power to Majluta in his capacity as vice president.

Majluta, for his part, said that he would respect the transfer that will be made on 16 August. In other words, under these circumstances, there is the danger that Majluta, who was a rival for the presidency although he belongs to the same party as Jorge Blanco, might effect a coup against himself, something that is very frequent in Dominican politics. The dangers do exist. As to the suicide...

[Fernandez Vilela] I would like to point something out. We should remember that the present head of the armed forces is none other than Gen Antonio [as heard] Imbert, sadly remembered by all Cubans for his role when the Dominican people heroically fought against the Yankee invasion in 1965. In addition, he is very experienced in coup d'etats.

[Suarez] There is something else. Majluta is described in the Dominican Republic as one of the politicians closest to the U.S. Embassy. In addition, as you pointed out, there is the fact that the head of the armed forces is Mario Imbert McGregor, one of the men most receptive to U.S. policy.

Now, as to the causes for the suicide or nonsuicide. There could be three: accident, suicide or homicide. But, of course, no one has spoken of homicide yet though suicide has been mentioned.

It must be said that Guzman was not able to keep most of his political promises, that his government was characterized by the restriction of public freedoms, that the economic and social crisis became worse and that foreign policy had been very submissive.

Some observers feel that if it was not a suicide caused by a mental disturbance, he could have been driven to suicide by fears that the new government of Salvador Jorge Blanco might uncover a series of thefts and shady deals that have occurred during the Guzman administration.

In conclusion, I believe that developments should be followed closely, especially the outcome of the investigations on the tragic circumstances of Guzman's death and the steps that the new government and the armed forces in particular will take from now until 16 August. Only 43 days to go to see what happens in Dominican politics.

COMMENTS ON NEED FOR CHANGE, UNITY IN ARGENTINA

FL030114 Havana Domestic Television Service in Spanish 0000 GMT 3 Jul 82

[Commentary by Jesus Suarez Moreno]

[Text] Ret Gen Reynaldo Bignone has assumed the Argentine presidency in one of the most difficult periods in the country's political history.

Bignone has only the support of the army, since the navy and the air force withdrew from the government for the first time in the past 6 years of military rule because they believed that a civilian should have been appointed president. The truce of sorts that the masses in Argentina gave to the military during the Malvinas war has come to an end. Great political, economic and social expectations have once again come to the fore stronger than ever.

It is not by chance that while President Bignone was being sworn in, the General Workers Federation of Argentina warned that it would not tolerate the dictates of the military and that it would assume an active role in the process.

Six years of military governments beginning in 1976 put an end to Argentina's political and trade union life and caused the collapse of the economy in a Latin American country considered to be one of the richest because of its agricultural and industrial development. A foreign debt exceeding $35 billion, one of the worst inflations in the world, along with growing unemployment are some of the most serious consequences of a policy that gives free access to foreign capital in detriment to national industry.

These domestic realities justify the demands of the trade union movement and of the political and social sectors in Argentina asking the government to form a common front to face the country's problems.

General Bignone announced the lifting of the political activities ban. This would have been extremely important some months ago. Now, it will be most valuable if it leads to a dialogue between the government and the country's political and social forces.

As to foreign affairs, the military government will have to redefine its foreign policy, giving its due to Latin American and Third World support for the Malvinas cause. The new Argentine Government must heed the demands for authentic changes in national affairs because its success or failure will depend on it.

FLAVIO BRAVO CLOSES NATIONAL ASSEMBLY SESSIONS

FL051108 Havana Domestic Service in Spanish 1000 GMT 5 Jul 82

[Excerpt] The People's Government National Assembly concluded the second regular period of sessions of its second legislature at Havana's Palace of Conventions following 3 days of intensive and fruitful work.

The closing of this important meeting was attended by Commander in Chief Fidel Castro, first secretary of the party and president of the Council of State and the government, and Army Gen Raul Castro, second secretary of the party and first vice president of the Council of State and the government, and other Council of State members.

The closing speech was delivered by National Assembly President Flavio Bravo, who chaired the sessions along with assembly Vice President Jorge Lezcano and Secretary Jose Aranaburo. Bravo said that we were emerging from this meeting with a clearer idea of the problems that we must face in terms of the country's defense and its economic problems, and the growing harassment from our age-old enemy; U.S. imperialism. But at the same time, we are also convinced more than ever, Bravo stressed, of the extraordinary unity of our people, our party, our deputies; under Fidel's leadership, all difficulties will be overcome.

In their last sessions, the deputies discussed and approved regulations for provincial assemblies and the reports on the provinces, the supreme people's tribunal and the attorney general's office. The deputies also acknowledged the efforts of the light industry sector and its workers by approving the report presented by the light industry minister, approved a declaration of solidarity with the Argentine people, reelected the 16 standing committees, the Cuban parliamentary group and the National Assembly's friendship associations.

EVENTS, REACTIONS FOLLOWING PRESIDENT GUZMAN DEATH

New President Sworn In

PA041253 Madrid EFE in Spanish 1229 GMT 4 Jul 82

[Text] Santo Domingo, 4 Jul (EFE) -- Early this morning Vice President Jacobo Majluta Azar was sowrn in as constitutional president of the Dominican Republic following the accidental death of President Antonio Guzman earlier this morning. He was sown in by Dr Nestor Contin Aybar, president of the Supreme Court of Justice, in the presence of Lt Gen Mario Imbert McGregor, armed forces secretary, and four members of the Air Force, Navy, National Army and National Police General Staff.

After being sworn in, President Majluta Azar addressed the nation to announce President Guzman's death, which occurred at 0500 after he seriously wounded himself in the face at 2300. President Guzman was in his private bathroom at the time of the accident.

Majluta, as constititional president, read a message to the nation in which he said that it was his regrettable duty to inform the Dominican people that President Antonio Guzman had died under "tragic circumstances" in his office at the National Palace late last night. Majluta added that the armed branches of the nation without reservations support the continuity of constitutional order and maintain the security of the state.

"As commander in chief of the Armed Forces and the National Police, I guarantee the transfer of command to the new authorities elected in last May's election," President Majluta stated, thus assuring that President-Elect Salvador Jorge Blanco will be inaugurated president on 16 August as planned. Majluta concluded his message by exhorting the citizens in this somber moment for the country to attend the burial of President Guzman tomorrow, Monday at 1000 (1400 GMT) in his hometown of Santiago de Los Caballeros, 177 km from Santo Domingo.

Leaders' Comments

PA041412 Buenos Aires LATIN in Spanish 1351 GMT 4 Jul 82

[Text] Santo Domingo, 4 Jul (LATIN-REUTER) -- Lt Gen Mario Imbert McGr , secretary of the armed forces, termed the death of Dominican President Antonio Guzman today "accidental."

"It was an accidental death," he said on leaving the National Palace after Vice President Jacobo Majluta was sworn in as new chief of state until 16 August, when President-Elect Salvador Jorge Blanco will be inaugurated. Guzman sustained a bullet wound in the right cheek, General McGregor explained.

Vice President-Elect Manuel Fernandez Marmol said that Guzman's death "is one of the greatest tragedies of the republic." He noted that since the death of Getulio Vargas in Brazil in 1954, nothing similar had occurred. "May God enlighten President Majluta so that all will be well. May the transfer of command take place in constitutional normality," the vice president-elect stated.

President-Elect Changes Plans

PA041433 Madrid EFE in Spanish 1416 GMT 4 Jul 82

[Excerpts] Santo Domingo, 4 Jul (EFE) -- Salvador Jorge Balnco, president-elect of the Dominican Republic, postponed his announced visit to Mexico in view of the death of President Antonio Guzman, who was constitutionally charged with transferring power to him on 16 August.

Jorge Blanco was spending the weekend in the city of Santiago, but upon learning of the death, he left for Santo Domingo where the Dominican president will be buried tomorrow, Monday.

Social Democrat Jorge Blanco had planned to visit Mexico soon to meet with Mexican President Jose Lopez Portillo and the winner of today's presidential elections in that country.

Mourning Period Decreed

PA041551 Buenos Aires LATIN in Spanish 1521 GMT 4 Jul 82

[Excerpt] Santo Domingo, 4 Jul (LATIN-REUTER) -- The government today ordered 9 days of national mourning for President Antonio Guzman. The decree was signed by Vice President Jacobo Majluta after taking the oath as new president.

Jorge Blanco Comments

PA042251 Buenos Aires LATIN in Spanish 2217 GMT 4 Jul 82

[Excerpts] Santo Domingo, 4 Jul (LATIN-REUTER) -- Salvador Jorge Blanco, the Dominican president-elect asserted today that the democratic process will not be interrupted in his country as a result of President Antonio Guzman's death. Expressing regret over Guzman's death, Blanco told newsmen that institutions are above men and that, in the case of the Dominican Republic, they are consolidated.

Blanco, who will assume office on 16 August, extolled "the great contribution made by Guzman to the armed forces' political stance and professionalization, which make it thoroughly possible to predict the continuity of the constitutional and institutional order."

Further Statements

PA050105 Madrid EFE in Spanish 2359 GMT 4 Jul 82

[By Rosendo Sepulveda]

[Excerpts] Santo Domingo, 4 Jul (EFE) -- The Dominican Republic is in mourning today as result of the tragic death of President Antonio Guzman, a leader who had entered history as a defender of public freedoms and democratic rights before ending his term as president.

Guzman took his own life by shooting himself in the face in his office at the National Palace. Jose Maria Hernandez, his son-in-law and minister of the presidency, was with President Guzman. The president asked to be excused and he went to the bathroom where he shot himslef, although the official report says that the shooting was accidental.

Early this morning when his death was officially announced, Vice President Jacobo Majluta Azar, who was sworn in as consitutional president a few hours after the shooting, promised that he and the armed forces will continue along Guzman's path. This is to say that the constitutional order will be protected, and the democratic process to secure public freedoms begun by Guzman will be continued.

President Majluta's statements were supported by Lt Gen Mario Imbert McGregor, minister of the armed forces, who, on behalf of the country's military personnel, promised that public freedoms and democracy in the country will not be changed. He added that the transfer of power to President-Elect Salvador Jorge Blanco, scheduled for 16 August, will be carried out as planned. The country's situation is absolutely calm.

SITUATION BACK TO NORMAL; CURFEW LIFTED

FL022249 Bridgetown CANA in English 2215 GMT 2 Jul 82

[Text] Paramaribo, Suriname, July 2, CANA — The Suriname military authority has lifted the curfew in effect here since dissident soldiers staged an abortive coup three months ago.

An announcement by the commander of the armed forces, Lt Col Daysi Bouterse said it became effective from June 30.

The curfew was first imposed in February 1980, following a military coup and has since been relaxed for varying periods.

In February this year, on the occasion of the second anniversary of the revolution it was completely lifted, but was reimposed the following month, after the military leaders put down a two day rebellion by rebel soldiers.

In making the announcement Army Commander Bouterse said the situation in Suriname had now normalised and the curfew was no longer necessary.

MINISTERS WHIP UP SUPPORT FOR BUSINESS TAKEOVERS

FL051602 Bridgetown CANA in English 1450 GMT 5 Jul 82

[Excerpt] Paramaribo, Suriname, July 5, CANA — Ministers of the military-backed Suriname Government have started touring work sites to whip up support for the planned take-over of some big business concerns here.

Army chief, Lieutenant Colonel Daysi Bouterse, and the minister of agriculture, Dr Glen Sankatsingh, launched the programme when they visited the Bruynzeel timber company.

The Suriname Government, which holds 52 percent of the shares in the business, said it planned to take over the remainder from a group of Dutch businessmen.

The army commander said that seeking workers support for the planned takeover was important, since in the years ahead it would be the workers who would have to control the business operations and not the foreigners.

The minister of labour told the timber company workers that multi-national companies were not in Third World countries for any philanthopic reasons, but to make profits.

He urged the workers to give their full support to the government in the takeover process.

LOANS TO BE OBTAINED FROM NETHERLANDS, EUROPE

FL031554 Bridgetown CANA in English 1533 GMT 3 Jul 82

[Excerpt] Paramaribo, Suriname, July 2, CANA -- Suriname needs 1.9 billion dollars (US) to finance its 1982-1990 development programme, Prime Minister Henri Neijhorst has announced here.

Speaking at his first out of town public meeting since taking office in May, Neijhorst said the greater part of the money will come from mother country Holland under development aid treaty between the two countries and from the European development fund.

In spite of this however, there will be a deficit of about 30 million dollars (US) for the projects government has in mind, the prime minister said.

He said too that unless the plan was speedily implemented Suriname would be unable to off set certain problems that could arise in the future.

Neijhorst said that Suriname was also seeking World Bank assistance for its agrarian and mining development programme. He recently discussed this with World Bank officials in New York.